H. R. 2117

To simplify and enhance qualified retirement plans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES
MAY 22, 2013

Mr. Neal introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, Armed Services, Oversight and Government Reform, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To simplify and enhance qualified retirement plans, 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; REFERENCE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Retirement Plan Simplification and Enhancement Act of 2013”.

(b) Amendment of 1986 Code.—Except as otherwise expressly provided, whenever in this Act an amend-
ment 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 of this Act is as follows:

Sec. 1. Short title; reference; table of contents.

TITLE I—EXPANDING COVERAGE AND INCREASING RETIREMENT SAVINGS

Sec. 101. Modification of automatic enrollment safe harbor.
Sec. 102. Secure deferral arrangements.
Sec. 103. 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. 104. Separate application of top heavy rules to defined contribution plans covering part-time employees.
Sec. 105. Modification of saver’s credit.
Sec. 106. Retirement handbook and retirement readiness checklist.
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TITLE II—ENCOURAGING SMALL BUSINESSES TO ENTER AND REMAIN IN THE EMPLOYER RETIREMENT PLAN SYSTEM

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Sec. 401. Exception from required distributions where aggregate retirement savings do not exceed $100,000.
Sec. 402. Expansion of Employee Plans Compliance Resolution System.
Sec. 403. Use of forfeitures to fund safe harbor contributions.
Sec. 404. Substantial cessation of operations.
Sec. 405. Church plan clarification.
Sec. 406. Protecting older, longer service participants.
Sec. 407. Review and report to the Congress relating to reporting and disclosure requirements.
Sec. 408. Consolidation of defined contribution plan notices.
Sec. 409. Performance benchmarks for asset allocation funds.
Sec. 410. Permit nonspousal beneficiaries to roll assets to plans.
Sec. 411. Eliminate the “first day of the month” requirement.

**TITLE V—PROVISIONS ENSURING EQUITY IN DIVORCE**

Sec. 501. Special rules relating to treatment of qualified domestic relations orders.
Sec. 502. Elimination of current connection requirement under Railroad Retirement Act for certain survivors.
Sec. 503. Permitting divorced spouses and widows and widowers to remarry after turning 60 without a penalty under Railroad Retirement Act.
Sec. 504. Repeal of jurisdictional requirement for court to treat military retirement pay as property of the military member and spouse.
Sec. 505. Modification of reductions in disposable retired pay for payments in compliance with court orders.
Sec. 506. Survivor annuities for widows, widowers, and former spouses of federal employees who die before attaining age for deferred annuity under civil service retirement system.
Sec. 507. Court orders relating to Federal retirement benefits for former spouses of federal employees.

**TITLE VI—OFFICE OF PARTICIPANT AND PLAN SPONSOR ADVOCATE**

Sec. 601. Office of Participant and Plan Sponsor Advocate.

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

**SEC. 101. MODIFICATION OF AUTOMATIC ENROLLMENT SAFE HARBOR.**

(a) In General.—

(1) Removal of 10 percent cap.—Clause (iii) of section 401(k)(13)(C) is amended by striking “, does not exceed 10 percent, and is at least” and inserting “and is”.

(2) Conforming amendments.—
(A) Subclause (I) of section 401(k)(13)(C)(iii) is amended by striking “3 percent” and inserting “at least 3 percent, but not greater than 10 percent.”.

(B) Subclause (II) of section 401(k)(13)(C)(iii) is amended by striking “4 percent” and inserting “at least 4 percent”.

(C) Subclause (III) of section 401(k)(13)(C)(iii) is amended by striking “5 percent” and inserting “at least 5 percent”.

(D) Subclause (IV) of section 401(k)(13)(C)(iii) is amended by striking “6 percent” and inserting “at least 6 percent”.

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

SEC. 102. SECURE DEFERRAL ARRANGEMENTS.

(a) IN GENERAL.—Subsection (k) of section 401 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(14) 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 determined under the arrangement if such percentage is applied uniformly and is—

“(i) at least 6 percent, but not greater than 10 percent, during the period ending on the last day of the first plan year which begins after the date on which the first elective contribution described in paragraph (13)(C)(i) is made with respect to such employee,
“(ii) at least 8 percent during the first plan year following the plan year described in clause (i), and

“(iii) 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 employer makes matching contributions on behalf of each employee who is not a highly compensated employee in an amount equal to the sum of 50 percent of the elective contributions of the employee to the extent that such contributions do not exceed 2 percent of compensation plus 30 percent of so much of such contributions as exceed 2 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 elective contributions increases.”.

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

“(13) Alternative method for secure deferral arrangements.—A defined contribution plan shall be treated as meeting the requirements of paragraph (2) with respect to matching contributions and employee contributions if the plan—

“(A) is a secure deferral arrangement (as defined in subsection (k)(14)),

“(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) Tax Credit.—

(1) In general.—Subpart (D) of part IV of subchapter A of Chapter 1 of subtitle A of such Code is amended by adding at the end thereof the following new section:

“SEC. 45S. SECURE DEFERRAL ARRANGEMENTS.

“(a) In General.—For purposes of section 38, in the case of an eligible employer maintaining a qualified employer plan (as defined in clauses (i) and (ii) of section 4972(d)(1)(A)), the secure deferral arrangement credit determined under this section for any taxable year is an amount equal to 10 percent of all contributions under a secure deferral arrangement (as defined in section 401(k)(14)) made during the plan year ending with or within the taxable year of the eligible employer by or on behalf of employees other than highly compensated employees (as defined in section 414(q)).

“(b) Dollar Limitation.—The amount of the credit determined under this section for any taxable year shall not exceed—

“(1) $10,000 for the first credit year and each of the 2 taxable years immediately following the first credit year, and
“(2) zero for any other taxable year.

“(c) First Credit Year.—The term ‘first credit year’ means—

“(1) the taxable year of the eligible employer with which or within which ends the first plan year during which the secure deferral arrangement was in effect for the entire year, or

“(2) at the election of the eligible employer, the taxable year preceding the taxable year referred to in paragraph (1).

“(d) Definition and Special Rules.—

“(1) Eligible Employer.—The term ‘eligible employer’ has the meaning given such term by section 408(p)(2)(C)(i).

“(2) Aggregation.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (m) or (o) of section 414, shall be treated as one person. All qualified employer plans of an eligible employer shall be treated as 1 qualified employer plan.

“(3) Disallowance of Deduction.—No deduction shall be allowed for that portion of the contribution for the taxable year which is equal to the credit determined under subsection (a).
“(4) Election not to claim credit.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year. Any such taxable year shall not be taken into account under subsection (b).”.

(2) Conforming amendments.—

(A) General business credit.—Subsection (b) of section 38 of such Code is amended by striking “plus” at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting “, plus”, and by adding at the end the following:

“(37) the secure deferral arrangement credit determined under section 45S.”.

(B) Credit cross-references.—

(i) Subsection (k) of section 401 of such Code, as amended by subsection (a), is amended at the end thereof to add the following new paragraph:

“(15) Secure deferral arrangement credit.—For a general business credit with respect to secure deferral arrangements, see section 45S.”.

(ii) Subsection (m) of section 401 of such Code, as amended by subsection (b),
is amended by adding at the end the following new paragraph:

“(15) Secure deferral arrangement credit.—For a general business credit with respect to secure deferral arrangements, see section 45S.”

(d) Facilitating Qualified Automatic Contribution Arrangements and Secure Deferral Arrangements.—By no later than the date that is twelve months after the date of enactment of this Act, the Secretary of the Treasury shall prescribe rules that facilitate the administration of qualified automatic contribution arrangements (as defined in section 401(k)(13) of the Internal Revenue Code of 1986) and secure deferral arrangements (as defined in section 401(k)(14) of such Code). Such rules shall—

(1) Clarify, simplify, and provide safe harbors with respect to the application of the notice requirements described in section 401(k)(13)(E) of such Code, especially in cases where—

(A) employees become eligible under such arrangements upon becoming employed or shortly thereafter, or

(B) the employer has employees subject to different payroll and administrative systems.
(2) Clarify, simplify and provide safe harbors with respect to the timing of the increases in the qualified percentage described in subclauses (II), (III), and (IV) of section 401(k)(13)(C)(iii) of such Code and in clauses (ii) and (iii) of section 401(k)(14)(C) of such Code, especially in cases where the employer has employees subject to different payroll and administrative systems.

(e) **Effective Date.**—

(1) **In general.**—The amendments made by subsections (a) and (b) shall apply to plan years beginning after December 31, 2013.

(2) **Tax Credit.**—The amendments made by subsection (e) shall apply to taxable years beginning after December 31, 2013.

**SEC. 103. 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) (defining qualified cash or deferred arrangement) 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 sec-
tion 410(a)(1) (determined without regard
to subparagraph (B)(i) thereof), or

“(ii) subject to the provisions of para-
graph (14), the first period of 3 consecu-
tive 12-month periods during each of which
the employee has at least 500 hours of
service.”.

(2) SPECIAL RULES.—Section 401(k) (relating
to cash or deferred arrangements) (as amended by
section 102) is amended by adding at the end the
following new paragraph:

“(16) SPECIAL RULES FOR PARTICIPATION RE-
QUIREMENT FOR LONG-TERM, PART-TIME WORK-
ERS.—For purposes of paragraph (2)(D)(ii)—

“(A) AGE REQUIREMENT MUST BE MET.—

Paragraph (2)(D)(ii) shall not apply to an em-
pLOYEE unless the employee has met the require-
ment 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 application of subsection (a)(4), paragraph (3), subsection (m)(2), 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 require-
ments 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 paragraph (2)(D)(ii).

“(C) Exception for employees under collectively bargained plans, etc.—Paragraph (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 arrangement 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 section 410(a)(3)(A).”.

(b) **Effective Date.**—The amendments made by this section shall apply to plan years beginning after December 31, 2013, 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, 2014, shall not be taken into account.

**SEC. 104. 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. 105. MODIFICATION OF SAVER’S CREDIT.

(a) 50 Percent Credit for All Taxpayers: Expansion of Phaseout Ranges.—Subsection (b) of section 25B is amended to read as follows:

“(b) Applicable Percentage.—For purposes of this section—

“(1) In general.—Except as provided in paragraph (2), the applicable percentage is 50 percent.

“(2) Phaseout.—The percentage under paragraph (1) shall be reduced (but not below zero) by the number of percentage points which bears the same ratio to 50 percentage points as—

“(A) the excess of—

“(i) the taxpayer’s adjusted gross income for such taxable year, over
“(ii) the applicable dollar amount, bears to
“(B) the phaseout range.
If any reduction determined under this paragraph is
not a whole percentage point, such reduction shall be
rounded to the nearest whole percentage point.
“(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT RANGE.—
“(A) JOINT RETURNS.—Except as pro-
vided in subparagraph (B)—
“(i) the applicable dollar amount is
$65,000, and
“(ii) the phaseout range is $20,000.
“(B) OTHER RETURNS.—In the case of—
“(i) a head of a household (as defined
in section 2(b)), the applicable dollar
amount and the phaseout range shall be ¾
of the amounts applicable under subpara-
graph (A) (as adjusted under paragraph
(4)), and
“(ii) any taxpayer who is not filing a
joint return and who is not a head of a
household (as so defined), the applicable
dollar amount and the phaseout range
shall be $\frac{1}{2}$ of the amounts applicable under subparagraph (A) (as so adjusted).

“(4) Inflation Adjustment of Applicable Dollar Amount.—In the case of any taxable year beginning in a calendar year after 2014, the dollar amount in paragraph (3)(A)(i) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) 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 2013’ for ‘calendar year 1992’ in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $500.”.

(b) Credit Made Refundable; Matching Contributions.—

(1) Credit Made Refundable.—The Internal Revenue Code of 1986 is amended by moving section 25B to subpart C of part IV of subchapter A of chapter 1 of such Code (relating to refundable credits), by inserting section 25B after section 36B, and by redesignating section 25B as section 36C.
(2) Matching Contributions.—Section 36C, as redesignated by paragraph (1), is amended by adding at the end the following:

“(g) Matching Contributions.—

“(1) In general.—The credit allowed to an eligible individual under this section for any taxable year shall be twice the credit which would (but for this subsection) be allowed if—

“(A) the individual consents to the application of paragraph (2), and

“(B) a designation by such individual is in effect for such year under paragraph (3).

“(2) Credit paid into designated retirement account.—Any credit under this section for any taxable year shall be paid by the Secretary into the designated retirement account of the individual for such year. The amount payable under the preceding sentence shall be subject to the reductions under section 6402 in the same manner as if such amount were an overpayment. The amount so paid shall be treated as refunded to such individual.

“(3) Designated retirement account.—For purposes of this subsection, the term ‘designated retirement account’ means any account or plan—
“(A) of a type to which qualified retirement savings contributions may be made,

“(B) which is for such individual’s benefit, and

“(C) which is designated by such individual (in such form and manner as the Secretary may provide) on the return of tax for the taxable year.

“(4) Treatment of Matching Contributions.—In the case of an amount paid under paragraph (2) into a designated retirement account—

“(A) any dollar limitation otherwise applicable to the amount of contributions or deferrals to such account shall be increased by the amount so paid,

“(B) the individual’s basis in such account shall not be increased by reason of the amount so paid, and

“(C) such amount shall be treated as an employer contribution for the plan year in which such amount is paid for purposes of—

“(i) section 401(k)(3), and

“(ii) section 408(k)(6)(A)(iii).

“(5) Regulations.—The Secretary shall prescribe such regulations or other guidance as may be
necessary to address situations under which the Secretary is not able to make a payment to a designated retirement account of an individual, including a plan of an employer for which the individual no longer works and to an account that does not exist.”.

(3) CONFORMING AMENDMENTS.—

(A) Section 6211(b)(4)(A) is amended by inserting “36C,” after “36B,”.

(B) 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.

(C) The table of sections for subpart C of such part is amended by adding at the end the following new item:

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

(D) Section 1324(b)(2) of title 31, United States Code, is amended by inserting “36C,” after “36B,”.

(e) MAXIMUM CONTRIBUTIONS.—Subsection (a) of section 36C, as redesignated by subsection (b), is amended to read as follows:

“(a) ALLOWANCE OF CREDIT.—

“(1) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the applicable percentage of so
much of the qualified retirement savings contributions of the eligible individual for the taxable year as do not exceed the contribution limit.

“(2) CONTRIBUTION LIMIT.—For purposes of paragraph (1)—

“(A) IN GENERAL.—Except as otherwise provided in this paragraph, the contribution limit is $500 ($1,500 for taxable years beginning after 2023).

“(B) ANNUAL INCREASES TO REACH $1,500.—In the case of taxable years beginning in a calendar year after 2013 and before 2024, the contribution limit shall be the sum of—

“(i) the contribution limit for taxable years beginning in the preceding calendar year (as increased under this subparagraph), and

“(ii) $100.

“(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2023, the $1,500 amount in subparagraph (A) 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 2022’ for ‘calendar year 1992’ in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2013.

SEC. 106. RETIREMENT HANDBOOK AND RETIREMENT READINESS CHECKLIST.

(a) IN GENERAL.—Section 704 of the Social Security Act is amended by adding at the end the following new subsection:

“(f) RETIREMENT INFORMATION.—

“(1) IN GENERAL.—The Commissioner, in consultation with the Social Security Advisory Board, shall prepare—

“(A) the financial reference handbook described in paragraph (2), and

“(B) the retirement readiness checklist described in paragraph (3).
“(2) Financial Reference Handbook.—The handbook described in this paragraph is a pamphlet which—

“(A) includes definitions of basic financial terms,

“(B) contains a listing of financial issues and problems facing individuals who are retiring and explanations of methods of dealing with the issues and problems, and

“(C) is in a form readily understandable by the average retiree.

“(3) Readiness Checklist.—The checklist described in this paragraph is a list of questions that individuals need to consider in preparation for retirement, including the following:

“(A) What annual income will the individual need in retirement?

“(B) How many years will the individual live in retirement?

“(C) What will be the cost of Medicare premiums?

“(D) What will be the cost of insurance necessary to supplement Medicare?

“(E) How will savings be invested in retirement?
“(F) How will taxes affect your retirement income?

The checklist will include answers to the questions or directions as to where information is available to answer the questions. All information shall be in a form readily understandable to the average recipient of the checklist.

“(4) REVISIONS.—The Commissioner shall periodically revise and update the handbook and checklist prepared under this subsection.

“(5) DISTRIBUTION OF MATERIALS.—

“(A) HANDBOOK.—The financial reference handbook described in paragraph (2) shall be included with materials provided to an individual when the individual first applies for benefits under title II and such other times as the Commissioner determines appropriate.

“(B) CHECKLIST.—The retirement readiness checklist described in paragraph (3) shall be included with an individual’s annual social security account statement provided under section 1143.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act, but the handbooks and checklists required to
be provided by such amendment shall be provided on or after January 1, 2014 (or such earlier date as the Commissioner of Social Security may provide).

SEC. 107. ADDITIONAL TIME TO ADOPT A QUALIFIED PLAN. (a) IN GENERAL.—Subsection (a) of section 401 is amended by inserting after paragraph (37) the following new paragraph:

“(38) The adoption of a plan by the applicable date shall not cause a plan to fail to meet the requirements of this section for a plan year. For purposes of the preceding sentence, the term ‘applicable date’ means the due date (including extensions) for filing the Federal income tax return for the employer’s taxable year in which ends the plan year for which the plan is effective. A plan adopted in accordance with this paragraph will be treated as established by the end of the employer’s taxable year for purposes of applying section 404(a).”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2013.
TITLE II—ENCOURAGING SMALL BUSINESSES TO ENTER AND REMAIN IN THE EMPLOYER RETIREMENT PLAN SYSTEM

SEC. 201. INCREASE IN CREDIT LIMITATION FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS.

(a) IN GENERAL.—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 eligible employer who is not a highly compensated 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”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2013.
SEC. 202. ELIMINATING BARRIERS TO USE OF MULTIPLE EMPLOYER PLANS.

By December 31, 2013, the Secretaries of the Treasury and Labor shall—

(1) prescribe administrative guidance establishing conditions under which an employer participating in a plan described in section 413(c) of the Internal Revenue Code of 1986 shall not have any liability under title I of the Employee Retirement Income Security Act of 1974 with respect to the acts or omissions of one or more other participating employers, which regulations may require that the portion of the plan attributable to such participating employers be spun off to plans maintained by such employers,

(2) prescribe administrative guidance establishing conditions under which a plan described in section 413(c) of such Code may be treated as satisfying the qualification requirements of sections 401(a) and 413(c) of such Code despite the violation of such requirements by one or more participating employers, including requiring, if appropriate, that the portion of the plan attributable to such participating employers be spun off to plans maintained by such employers, and
(3) prescribe administrative guidance providing simplified means by which plans described in section 413(c) of such Code may satisfy the requirements of section 103 of the Employee Retirement Income Security Act of 1974.

**TITLE III—PRESERVATION OF INCOME**

**SEC. 301. STUDY OF APPLICATION OF SPOUSAL CONSENT RULES TO DEFINED CONTRIBUTION PLANS.**

(a) STUDY.—The Government Accountability Office shall conduct a study of the feasibility and desirability of extending the application of the requirements of section 205 of the Employee Retirement Income Security Act of 1974 and sections 401(a)(11) and 417 of the Internal Revenue Code of 1986 (relating to spousal consent requirements) to defined contribution plans to which such requirements do not apply. Such study shall include consideration of any modifications of such requirements that are necessary to apply such requirements to such plans.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Government Accountability Office shall report the results of the study, together with any recommendations for legislative changes, to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways
and Means and Education and the Workforce of the House of Representatives.

SEC. 302. ADMINISTRATION OF JOINT AND SURVIVOR ANNUITY REQUIREMENTS.

(a) Amendments to the Employee Retirement Income Security Act of 1974.—

(1) IN GENERAL.—Section 402(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1102(c)) is amended—

(A) in paragraph (2) by striking “or” at the end,

(B) in paragraph (3) by striking the period at the end and inserting “; or”, and

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

“(4) that a named fiduciary, or a fiduciary designated by a named fiduciary pursuant to a plan procedure described in section 405(e), may appoint an annuity administrator or administrators with responsibility for administration of an individual account plan in accordance with the requirements of section 205 and payment of any annuity required thereunder.”.
(2) Section 405 of such Act (29 U.S.C. 1105) is amended by adding at the end the following new subsection:

“(e) ANNUITY ADMINISTRATOR.—If an annuity administrator or administrators have been appointed under section 402(c)(4) and such entity acknowledges in writing that they are the annuity administrator and a fiduciary under the plan with respect to their appointed duties, then neither the named fiduciary nor any appointing fiduciary shall be liable for any act or omission of the annuity administrator except to the extent that—

“(1) the named fiduciary or appointing fiduciary violated section 404(a)(1)—

“(A) with respect to such allocation or designation, or

“(B) in continuing the allocation or designation,

“(2) the named fiduciary or appointing fiduciary would otherwise be liable in accordance with subsection (a), or

“(3) the entity appointed to be the annuity administrator is neither an insurance company nor approved to be an annuity administrator by the Secretary.”.
(b) Effective Date.—The amendments made by subsection (a) shall apply as of the date of enactment of this Act.

SEC. 303. AVAILABILITY OF DISTRIBUTION OPTIONS.

(a) Lifetime Income Investments.—By the date that is one year after the date of enactment of this Act, the Secretary of the Treasury shall issue final regulations under which it is clarified that any specified age or service condition (or combination of age and service conditions) with respect to a lifetime income investment (as defined in section 401(a)(38)(B)(ii)) under a defined contribution plan shall be disregarded in determining whether such lifetime income investment is currently available to an employee for purposes of Treasury Regulation section 1.401(a)(4)–4(b) (or any successor provision).

(b) Enforcement.—As of the date of enactment of this Act, the Secretary of the Treasury shall administer and enforce the law in accordance with subsection (a) with respect to plan years beginning before, on, or after the date of enactment of this Act.

(c) Effective Date.—This section shall take effect as of the date of enactment of this Act.

SEC. 304. ROLLOVER OF INSURANCE CONTRACTS TO IRAS.

(a) In General.—Section 408(a)(3) is amended by inserting “other than insurance contracts that were rolled
over to an IRA from a qualified retirement plan described
in clause (iii), (iv), or (vi) of section 402(c)(8)(B) provided
that such contracts provide only incidental death benefits
taking into account both the IRA and the qualified retire-
ment plan” after “contract”.

(b) Effective Date.—The amendment made by
subsection (a) shall apply to years beginning after Decem-
ber 31, 2013.

SEC. 305. PORTABILITY OF LIFETIME INCOME OPTIONS.

(a) In General.—Subsection (a) of section 401 is
amended by inserting after paragraph (37) the following
new paragraph:

“(38) Portability of lifetime income.—

“(A) In General.—A trust forming part
of a defined contribution plan shall not be
treated as failing to constitute a qualified trust
under this section solely by reason of allowing—

“(i) qualified distributions of a life-
time income investment, or

“(ii) distributions of a lifetime income
investment in the form of a qualified plan
distribution annuity contract,

on or after the date that is 90 days prior to the
date on which such lifetime income investment
is no longer authorized to be held as an invest-
ment option under the plan except as may oth-

erwise be provided by regulations.

“(B) DEFINITIONS.—For purposes of this

subsection—

“(i) the term ‘qualified distribution’

means a direct trustee-to-trustee transfer

to an eligible retirement plan (as defined

in section 402(c)(8)(B)), as described in

section 401(a)(31)(A),

“(ii) the term ‘lifetime income invest-

ment’ means an investment option that is
designed to provide an employee with elec-
tion rights—

“(I) that are not uniformly avail-
able with respect to other investment

options under the plan, and

“(II) that are to a lifetime in-

come feature available through a con-

tract or other arrangement offered

under the plan or under another eligi-

ble retirement plan (as defined in sec-

tion 402(c)(8)(B)) through a direct

trustee-to-trustee transfer to such

other eligible retirement plan under

section 401(a)(31)(A),
“(iii) the term ‘lifetime income feature’ means—

“(I) a feature that guarantees a minimum level of income annually (or more frequently) for at least the remainder of the life of the employee or the joint lives of the employee and the employee’s designated beneficiary, or

“(II) an annuity payable on behalf of the employee under which payments are made in substantially equal periodic payments (not less frequently than annually) over the life of the employee or the joint lives of the employee and the employee’s designated beneficiary, taking into account the rules of clause (iii) of section 401(a)(9)(I), and

“(iv) the term ‘qualified plan distribution annuity contract’ means an annuity contract purchased for a participant and distributed to the participant by a plan described in subparagraph (B) of section 402(c)(8) (without regard to clauses (i) and (ii) thereof).”.
(b) Cash or Deferred Arrangement.—Clause (i)
of section 401(k)(2)(B) is amended by striking “or” at
the end of subclause (IV), by striking “and” at the end
of subclause (V) and inserting “or”, and by adding at the
end of clause (i) the following:

“(VI) with respect to amounts in-
vested in a lifetime income investment
(as defined in section
401(a)(38)(B)(ii)), the date that is 90
days prior to the date that such life-
time income investment may no longer
be held as an investment option under
the plan, provided that any distribu-
tion under this subclause must be in
the form of a qualified distribution (as
defined in section 401(a)(38)(B)(i))
or a qualified plan distribution annu-
ity contract (as defined in section
401(a)(38)(B)(iv)), and”.

(c) Section 403(b) Plans.—

(1) Annuity Contracts.—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 by inserting “,
or”, and by adding at the end the following:
“(D) with respect to amounts invested in a lifetime income investment (as defined in section 401(a)(38)(B)(ii)), the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the plan, provided that any distribution under this subparagraph must be in the form of a qualified distribution (as defined in section 401(a)(38)(B)(i)) or a qualified plan distribution annuity contract (as defined in section 401(a)(38)(B)(iv)).”.

(2) CUSTODIAL ACCOUNTS.—Clause (ii) of section 403(b)(7)(A) is amended to read as follows:

“(ii) under the custodial account, no such amounts may be paid or made available to any distributee (unless such amount is a distribution to which section 72(t)(2)(G) applies) before—

“(I) the employee dies,

“(II) the employee attains age 59 1/2,

“(III) the employee has a severance from employment,”
“(IV) the employee becomes disabled (within the meaning of section 72(m)(7)),

“(V) in the case of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(5)(D)), the employee encounters financial hardship, or

“(VI) with respect to amounts invested in a lifetime income investment (as defined in section 401(a)(38)(B)(ii)), the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the plan, provided that any distribution under this subparagraph must be in the form of a qualified distribution (as defined in section 401(a)(38)(B)(i)) or a qualified plan distribution annuity contract (as defined in section 401(a)(38)(B)(iv)).”.

(d) Eligible Deferred Compensation Plans.—

Subparagraph (A) of section 457(d)(1) is amended by striking “or” at the end of clause (ii), by inserting “or”
at the end of clause (iii), and by adding after clause (iii) the following:

“(iv) with respect to amounts invested in a lifetime income investment (as defined in section 401(a)(38)(B)(ii)), the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the plan, provided that any distribution under this subparagraph must be in the form of a qualified distribution (as defined in section 401(a)(38)(B)(i)) or a qualified plan distribution annuity contract (as defined in section 401(a)(38)(B)(iv)),”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2013.

SEC. 306. LOST PENSION PLAN REGISTRY.

(a) IN GENERAL.—Subtitle C of title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341 et seq.) is amended by adding at the end the following:
SEC. 4051. LOST PENSION PLAN REGISTRY.

“No later than December 31, 2014, the corporation shall establish a database to be known as the Lost Pension Plan Registry. The corporation shall—

“(1) ensure that the database contains a record of the information described in section 6057(b) of the Internal Revenue Code of 1986 that is transmitted by the Secretary of the Treasury to the corporation pursuant to section 6057(d) of such Code, and

“(2) post such record on the corporation’s website in a manner calculated to inform participants and beneficiaries of the name, location, and contact information for any plan that has changed its identity or status.”.

(b) AMENDMENT TO THE INTERNAL REVENUE CODE.—Section 6057(d) of the Internal Revenue Code of 1986 is amended by inserting “and to the Pension Benefit Guaranty Corporation” before the period at the end.
TITLE IV—SIMPLIFICATION AND CLARIFICATION OF QUALIFIED RETIREMENT PLAN RULES

SEC. 401. EXCEPTION FROM REQUIRED DISTRIBUTIONS WHERE AGGREGATE RETIREMENT SAVINGS DO NOT EXCEED $100,000.

(a) In General.—Section 401(a)(9) (relating to required distributions) is amended by adding at the end the following new subparagraph:

“(I) 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 balance to the credit of an employee under all applicable eligible retirement plans does not exceed $100,000, then the requirements of subparagraph (A) shall not apply to the employee during any succeeding calendar year. In addition, if, as of a measurement date, the aggregate balance to the credit of an employee under all applicable eligible retirement plans does not exceed $100,000,
then the requirements of subparagraph (B) shall not apply during any succeeding calendar year to the employee’s designated beneficiary with respect to the designated beneficiary’s interest in the balance to the credit of the deceased employee.

“(ii) Applicable eligible retirement plan.—For purposes of this subparagraph, the term ‘applicable eligible retirement plan’ means an eligible retirement plan (as defined in section 402(c)(8)(B)) and any other plan, contract, or arrangement to which the requirements of this paragraph apply.

“(iii) Special rule for benefits paid as a life annuity from defined benefit plan.—In determining the aggregate balance under clause (i), there shall not be taken into account the value of any benefits under a defined benefit plan that, on the measurement date, are being paid as a life annuity.

“(iv) Measurement date.—

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

“(aa) the calendar year in which the employee attains age 70½, or

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

“(II) Subsequent Measurement Dates.—If, in a calendar year, an individual who is exempted from the requirements of this paragraph pursuant to clause (i) receives contributions, rollovers, or transfers of amounts, or accrues additional benefits under a defined benefit plan, that 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.

“(v) Determining Value of Defined Benefit Plan Benefits.—The value of defined benefit plan benefits is de-
terminated in accordance with the applicable interest rate and applicable mortality rate assumptions under section 417(e), except that the value shall be equal to the amount of the single sum payment payable to the extent available under the plan.

“(vi) Phase-in of minimum distribution requirements.—For an individual whose aggregate balance exceeds the exemption level in clause (i) by less than $10,000, required minimum distribution requirements will phase in based on the ratio of—

“(I) the amount by which the aggregate balance exceeds the exemption level, to

“(II) $10,000.

“(vii) 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, 2013, and
any increase which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.”.

(b) Effective Date.—The amendment made by this section shall apply to initial measurement dates occurring on or after December 31, 2013.

SEC. 402. EXPANSION OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

(a) In General.—Not later than one year after the date of the enactment of this Act, the Secretary of the Treasury shall modify the Employee Plans Compliance Resolution System (as described in Revenue Procedure 2013–12) to achieve the results specified in the succeeding subsections of this section and to further facilitate corrections and compliance in such other means as the Secretary deems appropriate.

(b) Loan Error.—

(1) In the case of plan loan errors for which corrections are specified under the voluntary compliance program, self-correction shall be made available by methods applicable to such loans through the voluntary compliance program.

(2) The Secretary of Labor shall treat any loan error corrected pursuant to paragraph (1) as meet-
ing the requirements of the Voluntary Fiduciary
Correction Program of the Department of Labor.

(c) 457(b) PLAN CORRECTION.—The Secretary of
the Treasury shall update the Employee Plans Compliance
Resolution System to provide the same type of comprehen-
sive correction program that is available under such sys-
tem to retirement plans qualified under section 401(a) of
the Internal Revenue Code of 1986 to plans maintained
pursuant to section 457(b) of such Code by an employer
described in section 457(c)(1)(A) of such Code.

(d) EPCRS FOR IRAs.—The Secretary of the Treas-
ury shall expand the Employee Plans Compliance Resolu-
tion System to allow custodians of individual retirement
plans to address inadvertent errors for which the owner
of an individual retirement plan was not at fault, including
(but not limited to)—

(1) waivers of the excise tax that would other-
wise apply under section 4974 of the Internal Rev-
enue 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 retirement plan described in section 408(d)(3)(C) of the Internal Revenue Code of 1986 in a case where, due to an inadvertent error by a service provider, the beneficiary had reason to believe that the distribution could be rolled over without inclusion in income of any part of the distributed amount.

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

(f) **Automatic Feature Error Correction.**—In order to promote the adoption of automatic enrollment and automatic escalation, the Secretary of the Treasury shall modify the Employee Plans Compliance Resolution System to establish specific correction methods for errors in implementing automatic enrollment and automatic escalation features.
SEC. 403. USE OF FORFEITURES TO FUND SAFE HARBOR CONTRIBUTIONS.

(a) In General.—Section 401(k) (as amended by this Act) is amended by adding at the end the following new paragraph:

“(17) A matching contribution or nonelective contribution described in paragraph (3)(D)(ii), subparagraph (B) or (C) of paragraph (12), or paragraph (13)(D) shall not fail to satisfy the definition under such paragraph merely because the contribution is funded in whole or in part by forfeitures.”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to forfeitures allocated in accordance with section 401(k)(14) of the Internal Revenue Code of 1986 (as amended by subsection (a)) before, on or after the date of enactment of this Act.

SEC. 404. SUBSTANTIAL CESSATION OF OPERATIONS.

(a) In General.—Subsection (e) of section 4062 of the Employee Retirement Income Security Act of 1974 is amended by striking “If an employer” and inserting “(1) In General.—If an employer”, and by adding at the end thereof the following new paragraph:

“(2) Substantial Cessation of Operations.—An employer shall not be treated as having a cessation described in paragraph (1) unless—
“(A) all operations at a facility in a location are ceased and—

“(i) such cessation is reasonably expected to be permanent,

“(ii) no portion of such operations is moved to another facility at a different location,

“(iii) no portion of such operations is assumed or otherwise transferred to another employer, and

“(iv) no other operations are reasonably expected to be maintained at such facility, and

“(B) as a result of the cessation described in subparagraph (A), more than 20 percent of the employees of the employer have a termination of employment that is reasonably expected to be permanent. For purposes of this subparagraph, employees of the employer shall include all employees treated as employed by a single employer under sections 210(c) and (d).”.

(b) DIRECTION TO THE CORPORATION.—The Pension Benefit Guaranty Corporation shall not take any enforcement, administrative, or other actions pursuant to
section 4062(e) of such Act that are inconsistent with sub-
paragraph (A) of section 4062(e)(2) of such Act, as
amended, without regard to whether such actions relate
to a cessation or other event that occurs before or after
the date of enactment of this Act.

(c) EFFECTIVE DATE.—Subsection (b) and the
amendment made by subsection (a) shall apply as of the
date of enactment of this Act.

SEC. 405. CHURCH PLAN CLARIFICATION.

(a) APPLICATION OF CONTROLLED GROUP RULES TO
CHURCH PLANS.—

(1) IN GENERAL.—Section 414(c) is amended—

(A) by striking “For purposes” and insert-
ing the following:

“(1) IN GENERAL.—For purposes”, and

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

“(2) CHURCH PLANS.—

“(A) GENERAL RULE.—Except as provided
in subparagraphs (B) and (C), for purposes of
this subsection and subsection (m), an organi-
ization that is otherwise eligible to participate in
a church plan as defined in subsection (e) shall
not be aggregated with another such organiza-

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tion and treated as a single employer with such other organization unless—

“(i) one such organization provides directly or indirectly at least 80 percent of the operating funds for the other organization during the preceding tax year of the recipient organization, and

“(ii) there is a degree of common management or supervision between the organizations.

For purposes of this subparagraph, a degree of common management or supervision exists only if the organization providing the operating funds is directly involved in the day-to-day operations of the other organization.

“(B) NONQUALIFIED CHURCH-CONTROLLED ORGANIZATIONS.—Notwithstanding the provisions of subparagraph (A), for purposes of this subsection and subsection (m), an organization that is a nonqualified church-controlled organization shall be aggregated with one or more other nonqualified church-controlled organizations, or with an organization that is not exempt from tax under section 501, and treated as a single employer with such
other organizations, if at least 80 percent of the directors or trustees of such organizations are either representatives of, or directly or indirectly controlled by, the first organization. For purposes of this subparagraph, a ‘nonqualified church controlled organization’ shall mean a church-controlled organization described in section 501(c)(3) that is not a qualified church-controlled organization described in section 3121(w)(3)(B).

“(C) PERMISSIVE AGGREGATION AMONG CHURCH-RELATED ORGANIZATIONS.—Organizations described in subparagraph (A) may elect to be treated as under common control for purposes of this subsection. Such election shall be made by the church or convention or association of churches with which such organizations are associated within the meaning of section 414(e)(3)(D), or by an organization determined by such church or convention or association of churches to be the appropriate organization for making such election.

“(D) PERMISSIVE DISAGGREGATION OF CHURCH-RELATED ORGANIZATIONS.—For purposes of subparagraph (A) above, in the case of
a church plan (as defined in section 414(e)),
any employer may permissively disaggregate
those entities that are not churches (as defined
in section 403(b)(12)(B)) separately from those
entities that are churches, even if such entities
maintain separate church plans.

“(E) ANTI-ABUSE RULE.—For purposes of
subparagraphs (A) and (B), the anti-abuse rule
in Treasury Regulation section 1.414(c)–5(f)
shall apply.”.

(2) EFFECTIVE DATE.—The amendments made
by this subsection shall apply to taxable years begin-
ning before, on, or after the date of the enactment
of this Act.

(b) APPLICATION OF CONTRIBUTION AND FUNDING
LIMITATIONS TO 403(b) GRANDFATHERED DEFINED
BENEFIT PLANS.—

(1) IN GENERAL.—Section 251(e)(5) of the Tax
Equity and Fiscal Responsibility Act of 1982 (Public
Law 97–248), is amended—

(A) by striking “403(b)(2)” and inserting
“403(b)”, and

(B) by inserting before the period at the
end the following: “, and shall be subject to the
applicable limitations of section 415(b) of such
Code as if it were a defined benefit plan under section 401(a) of such Code and not the limitations of section 415(c) of such Code (relating to limitation for defined contribution plans)."

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply as if included in the enactment of the Tax Equity and Fiscal Responsibility Act of 1982.

(c) AUTOMATIC ENROLLMENT BY CHURCH PLANS.—

(1) IN GENERAL.—This subsection shall supercede any law of a State that relates to wage, salary, or payroll payment, collection, deduction, garnishment, assignment or withholding which would directly or indirectly prohibit or restrict the inclusion in any church plan (as defined in this subsection) of an automatic contribution arrangement.

(2) DEFINITION OF AUTOMATIC CONTRIBUTION ARRANGEMENT.—For purposes of this subsection, the term “automatic contribution arrangement” means an arrangement—

(A) under which a participant may elect to have the plan sponsor make payments as contributions under the plan on behalf of the participant, or to the participant directly in cash,
(B) under which a participant is treated as having elected to have the plan sponsor make such contributions in an amount equal to a uniform percentage of compensation provided under the plan until the participant specifically elects not to have such contributions made (or specifically elects to have such contributions made at a different percentage).

(3) NOTICE REQUIREMENTS.—

(A) The plan administrator of an automatic contribution arrangement shall, within a reasonable period before such plan year, provide to each participant to whom the arrangement applies for such plan year notice of the participant’s rights and obligations under the arrangement which—

(i) is sufficiently accurate and comprehensive to apprise the participant of such rights and obligations, and

(ii) is written in a manner calculated to be understood by the average participant to whom the arrangement applies.

(B) A notice shall not be treated as meeting the requirements of subparagraph (A) with respect to a participant unless—
(i) the notice includes an explanation
of the participant’s right under the ar-
rangement not to have elective contribu-
tions made on the participant’s behalf (or
to elect to have such contributions made at
a different percentage),

(ii) the participant has a reasonable
period of time, after receipt of the notice
described in subparagraph (A) and before
the first elective contribution is made, to
make such election, and

(iii) the notice explains how contribu-
tions made under the arrangement will be
invested in the absence of any investment
election by the participant.

(4) Effective date.—This subsection shall
take effect on the date of the enactment of this Act.
(d) Allow Certain Plan Transfers and Merger-

(1) In general.—Section 414 is amended by
adding at the end the following new subsection:
“(y) Certain Plan Transfers and Merg-

“(1) In general.—Under rules prescribed by
the Secretary, except as provided in paragraph (2),
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 plan described in section 401(a) or an annuity contract described in section 403(b), which is a church plan described in section 414(e) to an annuity contract described in section 403(b), if such plan and annuity contract are both maintained by the same church or convention or association of churches,

“(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) to a plan described in section 401(a) or an annuity contract described in section 403(b), which is a church plan described in section 414(e), if such plan and annuity contract are both maintained by the same church or convention or association of churches, or

“(C) a merger of a plan described in section 401(a), or an annuity contract described in section 403(b), which is a church plan described
in section 414(e) with an annuity contract described in section 403(b), if such plan and an-
nuity contract are both maintained by the same church or convention or association of churches.

“(2) LIMITATION.—Paragraph (1) shall not apply to a transfer or merger unless the partici-
pant’s or beneficiary’s benefit immediately after the transfer or merger is equal to or greater than the participant’s or beneficiary’s benefit immediately be-
fore the transfer or merger.

“(3) QUALIFICATION.—A plan or annuity con-
tract shall not fail to be considered to be described in sections 401(a) or 403(b) merely because such plan or account engages in a transfer or merger de-
scribed in this subsection.

“(4) DEFINITIONS.—For purposes of this sub-
section:

“(A) CHURCH.—The term ‘church’ in-
cludes an organization described in subpara-
graph (A) or (B)(ii) of subsection (e)(3).

“(B) ANNUITY CONTRACT.—The term ‘an-
nuity contract’ includes a custodial account de-
scribed in section 403(b)(7) and a retirement income account described in section 403(b)(9).’’.
(2) Effective Date.—The amendment made by this subsection shall apply to transfers or mergers occurring after the date of the enactment of this Act.

(e) Investments by Church Plans in Collective Trusts.—

(1) In General.—In the case of—

(A) a church plan (as defined in section 414(e) of the Internal Revenue Code 1986), including a plan described in section 401(a) of such Code and a retirement income account described in section 403(b)(9) of such Code, and

(B) an organization described in section 414(e)(3)(A) of such Code the principal purpose or function of which is the administration of such a plan or account,

the assets of such plan, account, or organization (including any assets otherwise permitted to be commingled for investment purposes with the assets of such a plan, account, or organization) may be invested in a group trust otherwise described in Internal Revenue Service Revenue Ruling 81–100 (as modified by Internal Revenue Service Revenue Rulings 2004–67 and 2011–1), or any subsequent revenue ruling that supersedes or modifies such revenue
ruling, without adversely affecting the tax status of
the group trust, such plan, account, or organization,
or any other plan or trust that invests in the group
trust.

(2) EFFECTIVE DATE.—This subsection shall apply to investments made after the date of the en-
actment of this Act.

SEC. 406. PROTECTING OLDER, LONGER SERVICE PARTICI-
PANTS.

(a) IN GENERAL.—Paragraph (4) of section 401(a) of the Internal Revenue Code of 1986 is amended to read as follows:

“(4) NONDISCRIMINATION.—

“(A) IN GENERAL.—A trust shall not con-
stitute a qualified trust under this section un-
less the contributions or benefits provided under
the plan do not discriminate in favor of highly
compensated employees (within the meaning of
section 414(q)). For purposes of this para-
graph, there shall be excluded from consider-
ation employees described in section 410(b)(3)
(A) and (C).

“(B) PROTECTION OF OLDER, LONGER
SERVICE PARTICIPANTS.—
“(i)(I) A defined benefit plan described in subclause (II) shall not fail to satisfy this paragraph with respect to plan benefits, rights, or features by reason of—

“(aa) the composition of the closed class of participants described in subclause (II), or

“(bb) the benefits, rights, or features provided to such closed class.

“(II) A plan is described in this subclause if—

“(aa) the plan provides benefits, rights, or features to a closed class of participants,

“(bb) such closed class and such benefits, rights, and features satisfy the requirements of subparagraph (A) (without regard to this clause) as of the date that the class was closed, and

“(cc) after the date as of which the class was closed, any plan amendments that modify the closed class or the benefits, rights, and features provided to such closed class satisfy sub-
paragraph (A) (without regard to this clause).

If a plan amendment causes a plan to cease to be described in this subclause (II) by reason of subclause (II)(cc), the plan is nevertheless described in this subclause (II) if such plan satisfies this subclause (II) (without regard to subclause (II)(cc)) as of the effective date of such amendment. In such cases, subclauses (II)(bb) and (cc) shall subsequently be applied by reference to the effective date of the plan amendment, rather than by reference to the original date that the class was closed.

“(ii)(I) A defined contribution plan described in subclause (II) shall permitted to be tested on a benefits basis.

“(II) A defined contribution plan is described in this subclause if—

“(aa) the plan provides make-whole contributions to a closed class of participants whose defined benefit plan accruals have been reduced or eliminated,
“(bb) such closed class of participants satisfies section 410(b)(2)(A)(i) as of the date that the class of participants was closed, and

“(cc) after the date as of which the class was closed, any plan amendments that modify the closed class or the allocations, benefits, rights, and features provided to such closed class satisfy subparagraph (A) (without regard to this clause).

If a plan amendment causes a plan to cease to be described in this subclause (II) by reason of subclause (II)(cc), the plan is nevertheless described in this subclause (II) if such plan satisfies this subclause (II) (without regard to subclause (II)(cc)) as of the effective date of such amendment. In such cases, subclause (II)(bb) and (cc) shall subsequently be applied by reference to the effective date of the plan amendment, rather than by reference to the original date that the class was closed.

“(III) In addition to other testing methodologies otherwise applicable, for
purposes of determining compliance with
this paragraph and with section 410(b) of
the portion of one or more defined con-
tribution plans described in subclause (II)
that provide make-whole contributions,
such portion of such plans may be aggre-
gated and tested on a benefits basis with
the portion of one or more defined con-
tribution plans that—

“(aa) provides matching con-
tributions (as defined in subsection
(m)(4)(A)), or

“(bb) consists of an employee
stock ownership plan within the mean-
ing of section 4975(e)(7) or a tax
credit employee stock ownership plan
within the meaning of section 409(a).

For such purposes, matching contributions
shall be treated in the same manner as em-
ployer contributions that are made without
regard to whether an employee makes an
elective contribution or employee contribu-
tion, including for purposes of applying the
rules of subsection (l).
“(C) DEFINITIONS.—For purposes of this paragraph—

“(i) MAKE-WHOLE CONTRIBUTIONS.—

The term ‘make-whole contributions’ means allocations for each employee in the class that are reasonably calculated, in a consistent manner, to replace some or all of the retirement benefits that the employee would have received under the defined benefit plan and any other plan or arrangement if the employee had continued to benefit at the same level under such defined benefit plan and such other plan or arrangement.

“(ii) REFERENCES TO CLOSED CLASS OF PARTICIPANTS.—References to a closed class of participants and similar references to a closed class shall include arrangements under which one or more classes of participants are closed.

“(D) PROTECTING GRANDFATHERED PARTICIPANTS IN DEFINED BENEFIT PLANS.—

“(i) One or more defined benefit plans described in clause (ii) shall be permitted
to be tested on a benefits basis with one or more defined contribution plans.

“(ii) A defined benefit plan is described in this clause if—

“(I) the plan provides benefits to a closed class of participants,

“(II) the plan and such benefits satisfy the requirements of subparagraph (A) (without regard to this subparagraph) as of the date the class was closed, and

“(III) after the date as of which the class was closed, any plan amendments that modify the closed class or the benefits provided to such closed class satisfy subparagraph (A) (without regard to this subparagraph).

If a plan amendment causes a plan to cease to be described in this clause (ii) by reason of subclause (III), the plan is nevertheless described in this clause (ii) if such plan satisfies this clause (ii) (without regard to subclause (III)) as of the effective date of such amendment. In such cases, subclauses (II) and (III) shall subsequently
be applied by reference to the effective
date of the plan amendment, rather than
by reference to the original date that the
class was closed.

“(iii) In addition to other testing
methodologies otherwise applicable, for
purposes of determining compliance with
this paragraph and with section 410(b) of
one or more defined benefit plans described
in clause (ii), such plans may be aggre-
gated and tested on a benefits basis with
the portion of one or more defined con-
tribution plans that—

“(I) provides matching contribu-
tions (as defined in subsection
(m)(4)(A)), or

“(II) consists of an employee
stock ownership plan within the mean-
ing of section 4975(e)(7) or a tax
credit employee stock ownership plan
within the meaning of section 409(a).

For such purposes, matching contribu-
tions shall be treated in the same manner as em-
ployer contributions that are made without
regard to whether an employee makes an
elective contribution or employee contribution, including for purposes of applying the rules of subsection (l).

“(E) RULES.—The Secretary may prescribe rules designed to prevent abuse of the plan designs otherwise permitted by reason of subparagraphs (B) and (D). Such rules shall be directed towards abuses under which the defined benefit plan was established within a specified period prior to the date that—

“(i) the class of participants described in subparagraphs (B)(i)(II)(aa), (B)(ii)(II)(aa), and (D)(ii)(I) is closed, or

“(ii) the defined benefit plan accruals have been reduced or eliminated, in the case of the make-whole contributions described in subparagraph (C).

“(F) TRANSITION RULES.—Within one year after the date of enactment of the Retirement Plan Simplification and Enhancement Act of 2013, the Secretary shall prescribe rules that facilitate the use of the provisions of subparagraph (B) and (D) without regard to—

“(i) whether the closing of the class of participants referred to in such subpara-
graphs occurred before or after such date of enactment, or

“(ii) plan amendments that were adopted or effective before such date of enactment and that would not have been necessary if subparagraphs (B) and (D) had been in effect.”.

(b) Participation Requirements.—Paragraph (26) of section 401(a) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph:

“(I) Protected Participants.—A plan described in this subparagraph shall be deemed to satisfy the requirements of subparagraph (A). A plan is described in this paragraph if—

“(i) the plan is amended to—

“(I) cease all benefit accruals, or

“(II) provide future benefit accruals only to a closed class of participants, and

“(ii) the plan satisfies subparagraph (A) (without regard to this subparagraph) as of the effective date of the amendment.

The Secretary may prescribe such rules as are necessary or appropriate to fulfill the purposes
of this subparagraph, including prevention of abuse of this subparagraph in the case of plans established within a specific period prior to the effective date of the amendment.”.

(c) **Effective Date.**—The amendments made by this section shall take effect on the date of the enactment of this Act, without regard to whether any plan modifications referenced in such amendments are adopted or effective before, on, or after such date of enactment.

**SEC. 407. 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 Pension Benefit Guaranty Corporation shall review the reporting and disclosure requirements of—

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

(2) the Internal Revenue Code of 1986 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 Pension Benefit Guaranty Corporation, 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 referenced to in subsection (a) and ensure that needed understandable information is provided to participants and beneficiaries of such plans.

SEC. 408. CONSOLIDATION OF DEFINED CONTRIBUTION PLAN NOTICES.

(a) IN GENERAL.—

(1) Not later than 18 months after the date of the enactment of this Act, the Secretary of Labor and the Secretary of the Treasury shall adopt final regulations providing that a plan may, but is not required to, consolidate two 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. 1144(e)(3)), sections 401(k)(12)(D), 401(k)(13)(E), and 414(w)(4) of the Internal Revenue Code of 1986, and section 2550.404a–5 of title 29, Code of Federal Regula-
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tions (29 C.F.R. 2550.404a–5) into a single notice
or, to the extent provided by such regulations, con-
solidate such notices with the summary plan descrip-
tion or summary of material modifications described
in section 104(b) of the Employee Retirement In-
come Security Act of 1974 (29 U.S.C. 1024(b)), so
long as the combined notice, summary plan descrip-
tion or summary of material modifications includes
the required content, clearly identifies the issues ad-
dressed therein, and is provided at the time and with
the frequency required for each such notice.

(2) The Secretary of Labor and the Secretary
of the Treasury may include in such regulations
rules to ensure that, to the extent such notices are
consolidated with the summary plan description or
summary of material modifications, the presentation,
placement, or prominence of the information in such
notices shall not have the effect of failing to inform
participants and beneficiaries regarding the informa-
tion in such notices.

(b) Provision of Annual Notices Without Re-
gard to Plan Year.—

(1) Clause (i) of section 404(c)(5)(B) of the
Employee Retirement Income Security Act of 1974
(29 U.S.C. 1104(c)(5)(B)) is amended—
(A) in subclause (I) by striking “within a reasonable period of time before each plan year,” and inserting “within a reasonable period before the arrangement described in subparagraph (A) applies to such participant or beneficiary, and thereafter at least once within any 12-month period (without regard to the plan year) during which such arrangement applies,”, and

(B) in subclause (II) by striking “and before the beginning of the plan year”.

(2) Subparagraph (A) of section 514(e)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144(e)(3)(A)) is amended by striking “, within a reasonable period before such plan year, provide to each participant to whom the arrangement applies for such plan year” and inserting “, within a reasonable period before the arrangement applies to a participant or beneficiary, and thereafter at least once within any 12-month period (without regard to the plan year) during which such arrangement applies, provide”.

(3) Clause (i) of section 401(k)(13)(E) of the Internal Revenue Code of 1986 is amended by striking “, within a reasonable period before each plan
year, each employee eligible to participate in the ar-
arrangement for such year receives” and inserting
“each employee eligible to participate in the arrange-
ment receives, within a reasonable period before the
employee becomes eligible, and thereafter within a
reasonable period before each plan year during
which such arrangement applies,”.

(4) Subparagraph (D) of section 401(k)(12) of
the Internal Revenue Code of 1986 is amended by
striking “, within a reasonable period before any
year, given written notice” and inserting “given
written notice, within a reasonable period before the
employee becomes eligible, and thereafter within a
reasonable period before each plan year during
which such arrangement applies,”.

(5) Subparagraph (A) of section 414(w)(4) of
the Internal Revenue Code of 1986 is amended by
striking “, within a reasonable period before each
plan year, give to each employee to whom an ar-
arrangement described in paragraph (3) applies for
such plan year” and inserting “, within a reasonable
period before an arrangement described in para-
graph (3) applies to an employee, and thereafter at
least once within any 12-month period (without re-
gard to the plan year) during which such arrange-
ment applies, give to each such employee”.

SEC. 409. PERFORMANCE BENCHMARKS FOR ASSET ALLO-
CATION FUNDS.

Not later than six months after the date of enactment
of this Act, the Secretary of Labor shall modify the regula-
tions under section 404 of the Employee Retirement In-
come Security Act of 1974 to provide that, in the case
of a designated investment alternative that contains a mix
of asset classes, a plan administrator may, but is not re-
quired to, use a benchmark that 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 al-
ternative;

(2) for purposes of determining the blend’s re-
turns 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; and

(3) each securities market index that is used for
an associated asset class would separately satisfy the
requirements of such regulations for such asset
class.
SEC. 410. 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 paragraph (8)(B)(iii) of a deceased employee, a direct trustee-to-trustee transfer is made to a plan or annuity described in clause (iii), (iv), (v), or (vi) of paragraph (8)(B) 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) Effective Date.—The amendment made by subsection (a) shall apply to distributions made after the date of the enactment of this Act.

SEC. 411. ELIMINATE THE “FIRST DAY OF THE MONTH” REQUIREMENT.

(a) In General.—Paragraph (4) of section 457(b) is amended to read as follows:
“(4) which provides that compensation will be deferred only if an agreement providing for such deferral has been entered into before the compensation is currently available to the individual,”.

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

**TITLE V—PROVISIONS ENSURING EQUITY IN DIVORCE**

**SEC. 501. SPECIAL RULES RELATING TO TREATMENT OF QUALIFIED DOMESTIC RELATIONS ORDERS.**

(a) **Preservation of Assets.**—

(1) **Amendment of 1986 Code.**—Section 414(p) is amended by redesignating paragraph (13) as paragraph (14) and by inserting after paragraph (12) the following new paragraph:

“(13) **Preservation of Assets.**—

“(A) **In General.**—If a spouse or former spouse of a participant notifies a plan in writing that—

“(i) an action is pending pursuant to a State domestic relations law (including a community property law), and

“(ii) all or a portion of the benefits payable with respect to the participant
under the plan are a subject of such action,

and includes with the notice evidence of the 
pendency of the action, the plan administrator 
shall, during the segregation period, separately 
account for 50 percent of such benefits. Any 
amounts so separately accounted for may not 
be distributed by the plan during the segrega-
tion period.

“(B) SEGREGATION PERIOD.—For pur-
poses of subparagraph (A), the term ‘segrega-
tion period’ means the period—

“(i) beginning on the date of the re-
ceipt of the notice, and

“(ii) ending as of the close of the 90-
day period beginning on such date (or, if 
earlyer, the date of receipt of a domestic 
relations order with respect to the partici-
pant and the spouse or former spouse or 
the date the action is no longer pending).

The segregation period shall be extended for 1 
or more additional periods described in the pre-
ceding sentence upon notice by the spouse or 
former spouse that the action described in sub-
paragraph (A) is still pending as of the close of any prior segregation period.”.

(2) Amendment of Employee Retirement Income Security Act of 1974.—Section 206(d)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056(d)(3)) is amended by redesignating subparagraph (N) as subparagraph (O) and by inserting after subparagraph (M) the following new subparagraph:

“(N) Preservation of assets.—

“(i) In general.—If a spouse or former spouse of a participant notifies a plan in writing that—

“(I) an action is pending pursuant to a State domestic relations law (including a community property law), and

“(II) all or a portion of the benefits payable with respect to the participant under the plan are a subject of such action,

and includes with the notice evidence of the pendency of the action, the plan administrator shall, during the segregation period, separately account for 50 percent
of such benefits. Any amounts so separately accounted for may not be distributed by the plan during the segregation period.

“(ii) Segregation period.—For purposes of clause (i), the term ‘segregation period’ means the period—

“(I) beginning on the date of the receipt of the notice, and

“(II) ending as of the close of the 90-day period beginning on such date (or, if earlier, the date of receipt of a domestic relations order with respect to the participant and the spouse or former spouse or the date the action is no longer pending).

The segregation period shall be extended for 1 or more additional periods described in the preceding sentence upon notice by the spouse or former spouse that the action described in clause (i) is still pending as of the close of any prior segregation period.”.

(b) Penalty for Failure To Provide Information Regarding Alternate Payees.—Section 502(c) of the Employee Retirement Income Security Act of 1974
(29 U.S.C. 1132(e)) is amended by redesignating paragraphs (8) and (9) as paragraphs (9) and (10), respectively, and by inserting after paragraph (7) the following new paragraph:

“(8) Failure to provide information regarding alternate payees.—The Secretary may assess a civil penalty against any plan administrator of up to $100 a day from the date of the plan administrator’s failure or refusal to provide the information the plan administrator is required to provide under regulations under this Act to prospective alternative payees under a domestic relations order under section 206(d)(3) or to the Secretary or any representative of a prospective alternative payee in connection with such an order.”.

(c) Allocation of plan expenses in complying with domestic relations orders.—

(1) Amendment of 1986 code.—Section 414(p), as amended by subsection (a), is amended by redesignating paragraph (14) as paragraph (15) and by inserting after paragraph (13) the following new paragraph:

“(14) Allocation of expenses.—Any expenses incurred by a plan with respect to compliance with the requirements of this subsection shall not be
allocated to an individual participant but rather
shall be allocated among all participants on the basis
of the relative value of each participant’s share of
the assets of the plan, on the basis of a flat amount
per participant, or on any other reasonable basis
provided for under the plan.”.

(2) Amendment of Employee Retirement
Income Security Act of 1974.—Section 206(d)(3)
of the Employee Retirement Income Security Act of
1974 (29 U.S.C. 1056(d)(3)), as amended by sub-
section (a), is amended by redesignating subpara-
graph (O) as subparagraph (P) and by inserting
after subparagraph (N) the following new subpara-
graph:

“(O) Allocation of Expenses.—Any
expenses incurred by a plan with respect to
compliance with the requirements of this para-
graph shall not be allocated to an individual
participant but rather shall be allocated among
all participants on the basis of the relative value
of each participant’s share of the assets of the
plan, on the basis of a flat amount per partici-
pant, or on any other reasonable basis provided
for under the plan.”.
(d) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 2013.

SEC. 502. ELIMINATION OF CURRENT CONNECTION REQUIREMENT UNDER RAILROAD RETIREMENT ACT FOR CERTAIN SURVIVORS.

(a) In General.—Section 2(d)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(d)(1)), in the matter preceding paragraph (i), is amended by inserting “, except with respect to survivors described in paragraph (i), (ii), or (v),” after “December 31, 1995) and”.

(b) Effective Dates.—

(1) In General.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act.

(2) Retroactive Application to Certain Survivors.—If a survivor of a deceased employee would be entitled to an annuity by reason of the amendment made by subsection (a) but for the fact that the employee died before the date of the enactment of this Act, the survivor shall be entitled to such an annuity but only with respect to annuity payments for months beginning on or after such date. Appropriate adjustments shall be made in an-
nuity payments of other individuals to reflect any annuity payable by reason of this paragraph.

SEC. 503. PERMITTING DIVORCED SPOUSES AND WIDOWS AND WIDOWERS TO REMARRY AFTER TURNING 60 WITHOUT A PENALTY UNDER RAILROAD RETIREMENT ACT.

(a) IN GENERAL.—

(1) DIVORCED SPOUSE.—Section 2(c)(4) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(c)(4)) is amended by adding at the end the following new sentence: “For purposes of paragraph (ii)(B), if a divorced wife marries after attaining age 60, such marriage shall be deemed not to have occurred.”.

(2) WIDOWS AND WIDOWERS.—Section 2(d)(1)(v) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(d)(1)(v)) is amended by adding at the end the following new sentence: “For purposes of this paragraph, if a widow marries after attaining age 60, such marriage shall be deemed not to have occurred.”.

(b) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall take effect on the date of enactment of this Act.
(2) **Retroactive Application.**—If a divorced wife, widow, or widower would be entitled to an annuity by reason of the amendments made by this section but for the fact the individual was married before the date of the enactment of this Act, the individual shall be entitled to such an annuity but only with respect to annuity payments for months beginning on or after such date. Appropriate adjustments shall be made in annuity payments of other individuals to reflect any annuity payable by reason of this paragraph.

**SEC. 504. REPEAL OF JURISDICTIONAL REQUIREMENT FOR COURT TO TREAT MILITARY RETIREMENT PAY AS PROPERTY OF THE MILITARY MEMBER AND SPOUSE.**

(a) **In General.**—Section 1408(e) of title 10, United States Code, is amended by striking paragraph (4).

(b) **Effective Date.**—The amendment made by this section shall apply to final decrees issued on or after the date of the enactment of this Act.
SEC. 505. MODIFICATION OF REDUCTIONS IN DISPOSABLE RETIRED PAY FOR PAYMENTS IN COMPLIANCE WITH COURT ORDERS.

(a) IN GENERAL.—Section 1408(d) of title 10, United States Code, is amended by adding at the end the following new paragraph:

“(8) Notwithstanding subsection (a)(4) or (e)(1), if the disposable retired pay of a member is reduced under subparagraph (B) of subsection (a)(4) as a result of a waiver required to receive compensation under title 38, or is reduced under subparagraph (C) of subsection (a)(4), the Secretary concerned shall pay (subject to any other limitation under this section) to the spouse or former spouse the lesser of—

“(A) the amount payable under the final court order from the disposable retired pay (determined without regard to such reductions), or

“(B) 100 percent of the disposable retired pay (determined after such reductions).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments of disposable retired pay attributable to periods beginning on or after the date of the enactment of this Act with respect to final court orders issued on, before, or after such date.
SEC. 506. SURVIVOR ANNUITIES FOR WIDOWS, WIDOWERS, AND FORMER SPOUSES OF FEDERAL EMPLOYEES WHO DIE BEFORE ATTAINING AGE FOR DEFERRED ANNUITY UNDER CIVIL SERVICE RETIREMENT SYSTEM.

(a) DEFINITION.—Section 8341(a) of title 5, United States Code, is amended—

(1) in paragraph (1), by striking “employee or Member” and inserting “employee, Member, or annuitant, or of a former employee or Member,”; and

(2) in paragraph (2), by striking “employee or Member” and inserting “employee, Member, or annuitant, or of a former employee or Member,”.

(b) BENEFITS FOR WIDOW, WIDOWER, OR FORMER SPOUSE.—

(1) IN GENERAL.—Section 8341 of title 5, United States Code, is amended by adding at the end the following:

“(l) If a former employee heretofore or hereafter separated from the service with title to deferred annuity from the Fund hereafter dies before having established a valid claim for annuity and is survived by a widow or widower to whom married at the date of separation, the widow or widower—

“(1) is entitled to an annuity equal to 55 percent of the deferred annuity of the former employee
commencing on the day after the former employee
dies and terminating on the last day of the month
before the widow or widower dies or remarries before
becoming 55 years of age; or

“(2) may elect to receive the lump-sum credit
instead of annuity if the widow or widower is the in-
dividual who would be entitled to the lump-sum
credit and files application therefor with the Office
before the award of the annuity.

Notwithstanding the preceding sentence, an annuity
payable under this subsection to the widow or wid-
ower of a former employee may not exceed the dif-
ference between—

“(A) the annuity which would otherwise be
payable to such widow or widower under this
subsection, and

“(B) the amount of the survivor annuity
payable to any former spouse of such former
employee under subsection (h) of this section.”.

(2) TECHNICAL AND CONFORMING AMEND-
MENTS.—Section 8339(j) of title 5, United States
Code, is amended—

(A) in paragraph (3)(A)(ii), by striking

“and (h)” and inserting “(h), and (l)”;}
(B) in paragraph (4), by striking “and (h)” and inserting “(h), and (l)”.  

(c) BENEFITS FOR FORMER SPOUSE.—Section 8341(h) of title 5, United States Code, is amended—  

(1) in paragraph (1), by adding after the first sentence “Subject to paragraphs (2) through (5) of this subsection, a former spouse of a former employee who dies after having separated from the service with title to a deferred annuity under section 8338(a) but before having established a valid claim for annuity is entitled to a survivor annuity under this subsection, if and to the extent expressly provided for in an election under section 8339(j)(3) of this title, or in the terms of any decree of divorce or annulment or any court order or court-approved property settlement agreement incident to such decree.”; and  

(2) in paragraph (2)—  

(A) in subparagraph (A)(ii), by striking “or annuitant,” and inserting “annuitant, or former employee”; and  

(B) in subparagraph (B)—  

(i) in clause (ii), by striking “or” at the end;
(ii) in clause (iii), by striking the pe-
period and inserting “; or”; and

(iii) by adding at the end the fol-
lowing:

“(iv) under subparagraph (A) of sub-
section (l) of this section in the case of a
widow or widower, if the deceased was a
former employee described in the first sen-
tence of such subsection.”.

(d) PROTECTION OF SURVIVOR BENEFIT RIGHTS.—

Section 8339(j)(3) of title 5, United States Code, is
amended by inserting at the end the following: “The Office
shall provide by regulation for the application of this sub-
section to the widow, widower, or surviving former spouse
of a former employee who dies after having separated from
the service with title to a deferred annuity under section
8338(a) but before having established a valid claim for
annuity.”.

(e) EFFECTIVE DATE.—The amendments made by
this section shall take effect on the date of the enactment
of this Act and shall apply only in the case of a former
employee who dies on or after such date.
SEC. 507. COURT ORDERS RELATING TO FEDERAL RETIREMENT BENEFITS FOR FORMER SPOUSES OF FEDERAL EMPLOYEES.

(a) Civil Service Retirement System.—Section 8345(j) of title 5, United States Code, is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by inserting after paragraph (2) the following:

“(3)(A) A court decree, court order, property settlement, or similar process referred to under paragraph (1)(A) shall be treated as meeting the requirements of that paragraph if it requires that payment of benefits be made to the former spouse of the employee, Member, or annuitant—

“(i) in the case of any payment before the employee, Member, or annuitant has separated from service, on or after the date on which the employee, Member, or annuitant attains (or would have attained) the earliest retirement age,

“(ii) as if the employee, Member, or annuitant had retired on the date on which such payment is to begin under such order (but taking into account only the present value of the benefits actually accrued and not taking into
account the present value of any employer subsidy for early retirement), and

“(iii) in any form in which such benefits may be paid under this chapter to the employee, Member, or annuitant (other than in the form of a joint and survivor annuity with respect to the former spouse and his or her subsequent spouse).

For purposes of clause (ii), the interest rate assumption used in determining the present value shall be the interest rate specified under this subchapter or, if no rate is specified, 5 percent.

“(B) In this paragraph, the term ‘earliest retirement age’ means the earlier of—

“(i) the date on which the employee, Member, or annuitant is entitled to a distribution under this subchapter, or

“(ii) the later of—

“(I) the date the employee, Member, or annuitant attains age 50, or

“(II) the earliest date on which the employee, Member, or annuitant could begin receiving benefits under this chapter if the employee, Member, or annuitant separated from service.”.
(b) Federal Employees Retirement System.—

Section 8467 of title 5, United States Code, is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following:

“(c)(1) A court decree, court order, property settlement, or similar process referred to under subsection (a)(1) shall be treated as meeting the requirements of that subsection if it requires that payment of benefits be made to the former spouse of the employee, Member, or annuitant—

“(A) in the case of any payment before the employee, Member, or annuitant has separated from service, on or after the date on which the employee, Member, or annuitant attains (or would have attained) the earliest retirement age,

“(B) as if the employee, Member, or annuitant had retired on the date on which such payment is to begin under such order (but taking into account only the present value of the benefits actually accrued and not taking into account the present value of any employer subsidy for early retirement), and

“(C) in any form in which such benefits may be paid under this chapter to the employee, Member, or
annuitant (other than in the form of a joint and survivor annuity with respect to the alternate payee and his or her subsequent spouse).

For purposes of subparagraph (B), the interest rate assumption used in determining the present value shall be the interest rate specified under this chapter or, if no rate is specified, 5 percent.

“(2) In this subsection, the term ‘earliest retirement age’ means the earlier of—

“(A) the date on which the employee, Member, or annuitant is entitled to a distribution under this chapter, or

“(B) the later of—

“(i) the date the employee, Member, or annuitant attains age 50, or

“(ii) the earliest date on which the employee, Member, or annuitant could begin receiving benefits under this chapter if the employee, Member, or annuitant separated from service.”.

(c) EFFECTIVE DATE AND APPLICATION.—The amendments made by this section shall take effect on the date of the enactment of this Act and apply to any court decree, court order, property settlement, or similar process issued or approved before, on, or after that date.
TITLE VI—OFFICE OF PARTICIPANT AND PLAN SPONSOR ADVOCATE

SEC. 601. OFFICE OF PARTICIPANT AND PLAN SPONSOR ADVOCATE.

(a) In General.—Section 7803 is amended by adding at the end the following:

“(e) PARTICIPANT AND PLAN SPONSOR ADVOCATE.—

“(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the ‘Office of the Participant and Plan Sponsor Advocate’.

“(2) PARTICIPANT AND PLAN SPONSOR ADVOCATE.—

“(A) IN GENERAL.—The Office of the Participant and Plan Sponsor Advocate shall be under the supervision and direction of an official to be known as the ‘Participant and Plan Sponsor Advocate’. The Commissioner shall select the Participant and Plan Sponsor Advocate without regard to the provisions of title 5, United States Code, relating to appointments in the competitive service or Senior Executive Service.
“(B) Duties.—The Participant and Plan Sponsor Advocate shall—

“(i) act as a liaison between the Internal Revenue Service, sponsors of sponsors of qualified retirement plans (as defined in section 4974(e)), and participants in such plans;

“(ii) advocate for the full attainment of the rights of such plan sponsors and participants;

“(iii) assist pension plan sponsors and participants in resolving disputes with the Internal Revenue Service;

“(iv) identify areas in which participants and plan sponsors have persistent problems in dealings with the Internal Revenue Service;

“(v) to the extent possible, propose changes in the administrative practices of the Internal Revenue Service to mitigate problems;

“(vi) identify potential legislative changes which may be appropriate to mitigate problems; and
“(vii) refer instances of fraud, waste, and abuse, and violations of law to the Office of the Treasury Inspector General for Tax Administration.

“(C) REMOVAL.—If the Participant and Plan Sponsor Advocate is removed from office or is transferred to another position or location within the Internal Revenue Service, the Commissioner shall communicate in writing the reasons for any such removal or transfer to Congress not less than 30 days before the removal or transfer. Nothing in this paragraph shall prohibit a personnel action otherwise authorized by law, other than transfer or removal.

“(D) COMPENSATION.—The annual rate of basic pay for the Participant and Plan Sponsor Advocate shall be the same rate as the highest rate of basic pay established for the Senior Executive Service under section 5382 of title 5, United States Code, or, if the Commissioner so determines, at a rate fixed under section 9503 of such title.

“(3) ANNUAL REPORT.—

“(A) IN GENERAL.—Not later than December 31 of each calendar year, the Partici-
pant and Plan Sponsor Advocate shall report to the Health, Education, Labor, and Pensions Committee of the Senate, the Committee on Finance of the Senate, the Committee on Education and the Workforce of the House of Representatives, and the Committee on Ways and Means of the House of Representatives on the activities of the Office of the Participant and Plan Sponsor Advocate during the fiscal year ending during such calendar year.

“(B) Content.—Each report submitted under subparagraph (A) shall—

“(i) summarize the assistance requests received from participants and plan sponsors and describe the activities, and evaluate the effectiveness, of the Participant and Plan Sponsor Advocate during the preceding year;

“(ii) identify significant problems the Participant and Plan Sponsor Advocate has identified;

“(iii) include specific legislative and regulatory changes to address the problems; and
“(iv) identify any actions taken to correct problems identified in any previous report.

“(C) CONCURRENT SUBMISSION.—The Participant and Plan Sponsor Advocate shall submit a copy of each report to the Secretary of the Treasury, the Commissioner of Internal Revenue, and any other appropriate official at the same time such report is submitted to the committees of Congress under subparagraph (A).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2014.