

116TH CONGRESS  
1ST SESSION

# H. R. 1994

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## AN ACT

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

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

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

2 (a) **SHORT TITLE.**—This Act may be cited as the  
 3 “Setting Every Community Up for Retirement Enhance-  
 4 ment Act of 2019”.

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

Sec. 1. Short title, etc.

**TITLE I—EXPANDING AND PRESERVING RETIREMENT SAVINGS**

- Sec. 101. Multiple employer plans; pooled employer plans.
- Sec. 102. Increase in 10 percent cap for automatic enrollment safe harbor after 1st plan year.
- Sec. 103. Rules relating to election of safe harbor 401(k) status.
- Sec. 104. Increase in credit limitation for small employer pension plan startup costs.
- Sec. 105. Small employer automatic enrollment credit.
- Sec. 106. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes.
- Sec. 107. Repeal of maximum age for traditional IRA contributions.
- Sec. 108. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements.
- Sec. 109. Portability of lifetime income options.
- Sec. 110. Treatment of custodial accounts on termination of section 403(b) plans.
- Sec. 111. Clarification of retirement income account rules relating to church-controlled organizations.
- Sec. 112. 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. 113. Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption.
- Sec. 114. Increase in age for required beginning date for mandatory distributions.
- Sec. 115. Special rules for minimum funding standards for community newspaper plans.
- Sec. 116. Treating excluded difficulty of care payments as compensation for determining retirement contribution limitations.

**TITLE II—ADMINISTRATIVE IMPROVEMENTS**

- Sec. 201. Plan adopted by filing due date for year may be treated as in effect as of close of year.
- Sec. 202. Combined annual report for group of plans.
- Sec. 203. Disclosure regarding lifetime income.
- Sec. 204. Fiduciary safe harbor for selection of lifetime income provider.
- Sec. 205. Modification of nondiscrimination rules to protect older, longer service participants.
- Sec. 206. Modification of PBGC premiums for CSEC plans.

## TITLE III—OTHER BENEFITS

Sec. 301. Benefits provided to volunteer firefighters and emergency medical responders.

Sec. 302. Expansion of section 529 plans.

## TITLE IV—REVENUE PROVISIONS

Sec. 401. Modification of required distribution rules for designated beneficiaries.

Sec. 402. Increase in penalty for failure to file.

Sec. 403. Increased penalties for failure to file retirement plan returns.

Sec. 404. Increase information sharing to administer excise taxes.

## TITLE V—TAX RELIEF FOR CERTAIN CHILDREN

Sec. 501. Modification of rules relating to the taxation of unearned income of certain children.

1 **TITLE I—EXPANDING AND PRE-**  
 2 **SERVING RETIREMENT SAV-**  
 3 **INGS**

4 **SEC. 101. MULTIPLE EMPLOYER PLANS; POOLED EM-**  
 5 **PLOYER PLANS.**

6 (a) QUALIFICATION REQUIREMENTS.—

7 (1) IN GENERAL.—Section 413 of the Internal  
 8 Revenue Code of 1986 is amended by adding at the  
 9 end the following new subsection:

10 “(e) APPLICATION OF QUALIFICATION REQUIRE-  
 11 MENTS FOR CERTAIN MULTIPLE EMPLOYER PLANS WITH  
 12 POOLED PLAN PROVIDERS.—

13 “(1) IN GENERAL.—Except as provided in para-  
 14 graph (2), if a defined contribution plan to which  
 15 subsection (c) applies—

1           “(A) is maintained by employers which  
2           have a common interest other than having  
3           adopted the plan, or

4           “(B) in the case of a plan not described in  
5           subparagraph (A), has a pooled plan provider,  
6           then the plan shall not be treated as failing to meet  
7           the requirements under this title applicable to a plan  
8           described in section 401(a) or to a plan that consists  
9           of individual retirement accounts described in sec-  
10          tion 408 (including by reason of subsection (c)  
11          thereof), whichever is applicable, merely because one  
12          or more employers of employees covered by the plan  
13          fail to take such actions as are required of such em-  
14          ployers for the plan to meet such requirements.

15           “(2) LIMITATIONS.—

16           “(A) IN GENERAL.—Paragraph (1) shall  
17           not apply to any plan unless the terms of the  
18           plan provide that in the case of any employer  
19           in the plan failing to take the actions described  
20           in paragraph (1)—

21           “(i) the assets of the plan attributable  
22           to employees of such employer (or bene-  
23           ficiaries of such employees) will be trans-  
24           ferred to a plan maintained only by such  
25           employer (or its successor), to an eligible

1 retirement plan as defined in section  
2 402(c)(8)(B) for each individual whose ac-  
3 count is transferred, or to any other ar-  
4 rangement that the Secretary determines is  
5 appropriate, unless the Secretary deter-  
6 mines it is in the best interests of the em-  
7 ployees of such employer (and the bene-  
8 ficiaries of such employees) to retain the  
9 assets in the plan, and

10 “(ii) such employer (and not the plan  
11 with respect to which the failure occurred  
12 or any other employer in such plan) shall,  
13 except to the extent provided by the Sec-  
14 retary, be liable for any liabilities with re-  
15 spect to such plan attributable to employ-  
16 ees of such employer (or beneficiaries of  
17 such employees).

18 “(B) FAILURES BY POOLED PLAN PRO-  
19 VIDERS.—If the pooled plan provider of a plan  
20 described in paragraph (1)(B) does not perform  
21 substantially all of the administrative duties  
22 which are required of the provider under para-  
23 graph (3)(A)(i) for any plan year, the Secretary  
24 may provide that the determination as to  
25 whether the plan meets the requirements under

1 this title applicable to a plan described in sec-  
2 tion 401(a) or to a plan that consists of indi-  
3 vidual retirement accounts described in section  
4 408 (including by reason of subsection (c)  
5 thereof), whichever is applicable, shall be made  
6 in the same manner as would be made without  
7 regard to paragraph (1).

8 “(3) POOLED PLAN PROVIDER.—

9 “(A) IN GENERAL.—For purposes of this  
10 subsection, the term ‘pooled plan provider’  
11 means, with respect to any plan, a person  
12 who—

13 “(i) is designated by the terms of the  
14 plan as a named fiduciary (within the  
15 meaning of section 402(a)(2) of the Em-  
16 ployee Retirement Income Security Act of  
17 1974), as the plan administrator, and as  
18 the person responsible to perform all ad-  
19 ministrative duties (including conducting  
20 proper testing with respect to the plan and  
21 the employees of each employer in the  
22 plan) which are reasonably necessary to  
23 ensure that—

24 “(I) the plan meets any require-  
25 ment applicable under the Employee

1 Retirement Income Security Act of  
2 1974 or this title to a plan described  
3 in section 401(a) or to a plan that  
4 consists of individual retirement ac-  
5 counts described in section 408 (in-  
6 cluding by reason of subsection (c)  
7 thereof), whichever is applicable, and

8 “(II) each employer in the plan  
9 takes such actions as the Secretary or  
10 such person determines are necessary  
11 for the plan to meet the requirements  
12 described in subclause (I), including  
13 providing to such person any disclo-  
14 sures or other information which the  
15 Secretary may require or which such  
16 person otherwise determines are nec-  
17 essary to administer the plan or to  
18 allow the plan to meet such require-  
19 ments,

20 “(ii) registers as a pooled plan pro-  
21 vider with the Secretary, and provides such  
22 other information to the Secretary as the  
23 Secretary may require, before beginning  
24 operations as a pooled plan provider,

1           “(iii) acknowledges in writing that  
2           such person is a named fiduciary (within  
3           the meaning of section 402(a)(2) of the  
4           Employee Retirement Income Security Act  
5           of 1974), and the plan administrator, with  
6           respect to the plan, and

7           “(iv) is responsible for ensuring that  
8           all persons who handle assets of, or who  
9           are fiduciaries of, the plan are bonded in  
10          accordance with section 412 of the Em-  
11          ployee Retirement Income Security Act of  
12          1974.

13          “(B) AUDITS, EXAMINATIONS AND INVES-  
14          TIGATIONS.—The Secretary may perform au-  
15          dits, examinations, and investigations of pooled  
16          plan providers as may be necessary to enforce  
17          and carry out the purposes of this subsection.

18          “(C) AGGREGATION RULES.—For purposes  
19          of this paragraph, in determining whether a  
20          person meets the requirements of this para-  
21          graph to be a pooled plan provider with respect  
22          to any plan, all persons who perform services  
23          for the plan and who are treated as a single  
24          employer under subsection (b), (c), (m), or (o)  
25          of section 414 shall be treated as one person.



1           “(D) TREATMENT OF EMPLOYERS AS PLAN  
2 SPONSORS.—Except with respect to the admin-  
3 istrative duties of the pooled plan provider de-  
4 scribed in subparagraph (A)(i), each employer  
5 in a plan which has a pooled plan provider shall  
6 be treated as the plan sponsor with respect to  
7 the portion of the plan attributable to employ-  
8 ees of such employer (or beneficiaries of such  
9 employees).

10           “(4) GUIDANCE.—

11           “(A) IN GENERAL.—The Secretary shall  
12 issue such guidance as the Secretary determines  
13 appropriate to carry out this subsection, includ-  
14 ing guidance—

15           “(i) to identify the administrative du-  
16 ties and other actions required to be per-  
17 formed by a pooled plan provider under  
18 this subsection,

19           “(ii) which describes the procedures to  
20 be taken to terminate a plan which fails to  
21 meet the requirements to be a plan de-  
22 scribed in paragraph (1), including the  
23 proper treatment of, and actions needed to  
24 be taken by, any employer in the plan and  
25 the assets and liabilities of the plan attrib-

1           utable to employees of such employer (or  
2           beneficiaries of such employees), and

3                   “(iii) identifying appropriate cases to  
4           which the rules of paragraph (2)(A) will  
5           apply to employers in the plan failing to  
6           take the actions described in paragraph  
7           (1).

8           The Secretary shall take into account under  
9           clause (iii) whether the failure of an employer  
10          or pooled plan provider to provide any disclo-  
11          sures or other information, or to take any other  
12          action, necessary to administer a plan or to  
13          allow a plan to meet requirements applicable to  
14          the plan under section 401(a) or 408, whichever  
15          is applicable, has continued over a period of  
16          time that demonstrates a lack of commitment  
17          to compliance.

18                   “(B) GOOD FAITH COMPLIANCE WITH LAW  
19          BEFORE GUIDANCE.—An employer or pooled  
20          plan provider shall not be treated as failing to  
21          meet a requirement of guidance issued by the  
22          Secretary under this paragraph if, before the  
23          issuance of such guidance, the employer or  
24          pooled plan provider complies in good faith with

1 a reasonable interpretation of the provisions of  
2 this subsection to which such guidance relates.

3 “(5) MODEL PLAN.—The Secretary shall pub-  
4 lish model plan language which meets the require-  
5 ments of this subsection and of paragraphs (43) and  
6 (44) of section 3 of the Employee Retirement In-  
7 come Security Act of 1974 and which may be adopt-  
8 ed in order for a plan to be treated as a plan de-  
9 scribed in paragraph (1)(B).”.

10 (2) CONFORMING AMENDMENT.—Section  
11 413(c)(2) of such Code is amended by striking “sec-  
12 tion 401(a)” and inserting “sections 401(a) and  
13 408(c)”.

14 (3) TECHNICAL AMENDMENT.—Section 408(c)  
15 of such Code is amended by inserting after para-  
16 graph (2) the following new paragraph:

17 “(3) There is a separate accounting for any in-  
18 terest of an employee or member (or spouse of an  
19 employee or member) in a Roth IRA.”.

20 (b) NO COMMON INTEREST REQUIRED FOR POOLED  
21 EMPLOYER PLANS.—Section 3(2) of the Employee Retire-  
22 ment Income Security Act of 1974 (29 U.S.C. 1002(2))  
23 is amended by adding at the end the following:

24 “(C) A pooled employer plan shall be treat-  
25 ed as—

1                   “(i) a single employee pension benefit  
2                   plan or single pension plan; and

3                   “(ii) a plan to which section 210(a)  
4                   applies.”.

5           (c) POOLED EMPLOYER PLAN AND PROVIDER DE-  
6 FINED.—

7           (1) IN GENERAL.—Section 3 of the Employee  
8           Retirement Income Security Act of 1974 (29 U.S.C.  
9           1002) is amended by adding at the end the fol-  
10          lowing:

11                   “(43) POOLED EMPLOYER PLAN.—

12                           “(A) IN GENERAL.—The term ‘pooled em-  
13                           ployer plan’ means a plan—

14                                   “(i) which is an individual account  
15                                   plan established or maintained for the pur-  
16                                   pose of providing benefits to the employees  
17                                   of 2 or more employers;

18                                   “(ii) which is a plan described in sec-  
19                                   tion 401(a) of the Internal Revenue Code  
20                                   of 1986 which includes a trust exempt  
21                                   from tax under section 501(a) of such  
22                                   Code or a plan that consists of individual  
23                                   retirement accounts described in section  
24                                   408 of such Code (including by reason of  
25                                   subsection (c) thereof); and

1           “(iii) the terms of which meet the re-  
2           quirements of subparagraph (B).

3           Such term shall not include a plan maintained  
4           by employers which have a common interest  
5           other than having adopted the plan.

6           “(B) REQUIREMENTS FOR PLAN TERMS.—  
7           The requirements of this subparagraph are met  
8           with respect to any plan if the terms of the  
9           plan—

10           “(i) designate a pooled plan provider  
11           and provide that the pooled plan provider  
12           is a named fiduciary of the plan;

13           “(ii) designate one or more trustees  
14           meeting the requirements of section  
15           408(a)(2) of the Internal Revenue Code of  
16           1986 (other than an employer in the plan)  
17           to be responsible for collecting contribu-  
18           tions to, and holding the assets of, the  
19           plan and require such trustees to imple-  
20           ment written contribution collection proce-  
21           dures that are reasonable, diligent, and  
22           systematic;

23           “(iii) provide that each employer in  
24           the plan retains fiduciary responsibility  
25           for—

1           “(I) the selection and monitoring  
2           in accordance with section 404(a) of  
3           the person designated as the pooled  
4           plan provider and any other person  
5           who, in addition to the pooled plan  
6           provider, is designated as a named fi-  
7           duciary of the plan; and

8           “(II) to the extent not otherwise  
9           delegated to another fiduciary by the  
10          pooled plan provider and subject to  
11          the provisions of section 404(c), the  
12          investment and management of the  
13          portion of the plan’s assets attrib-  
14          utable to the employees of the em-  
15          ployer (or beneficiaries of such em-  
16          ployees);

17          “(iv) provide that employers in the  
18          plan, and participants and beneficiaries,  
19          are not subject to unreasonable restric-  
20          tions, fees, or penalties with regard to  
21          ceasing participation, receipt of distribu-  
22          tions, or otherwise transferring assets of  
23          the plan in accordance with section 208 or  
24          paragraph (44)(C)(i)(II);

25          “(v) require—

1           “(I) the pooled plan provider to  
2 provide to employers in the plan any  
3 disclosures or other information which  
4 the Secretary may require, including  
5 any disclosures or other information  
6 to facilitate the selection or any moni-  
7 toring of the pooled plan provider by  
8 employers in the plan; and

9           “(II) each employer in the plan  
10 to take such actions as the Secretary  
11 or the pooled plan provider determines  
12 are necessary to administer the plan  
13 or for the plan to meet any require-  
14 ment applicable under this Act or the  
15 Internal Revenue Code of 1986 to a  
16 plan described in section 401(a) of  
17 such Code or to a plan that consists  
18 of individual retirement accounts de-  
19 scribed in section 408 of such Code  
20 (including by reason of subsection (c)  
21 thereof), whichever is applicable, in-  
22 cluding providing any disclosures or  
23 other information which the Secretary  
24 may require or which the pooled plan  
25 provider otherwise determines are nec-

1           essary to administer the plan or to  
2           allow the plan to meet such require-  
3           ments; and

4           “(vi) provide that any disclosure or  
5           other information required to be provided  
6           under clause (v) may be provided in elec-  
7           tronic form and will be designed to ensure  
8           only reasonable costs are imposed on  
9           pooled plan providers and employers in the  
10          plan.

11          “(C) EXCEPTIONS.—The term ‘pooled em-  
12          ployer plan’ does not include—

13                 “(i) a multiemployer plan; or

14                 “(ii) a plan established before the  
15                 date of the enactment of the Setting Every  
16                 Community Up for Retirement Enhance-  
17                 ment Act of 2019 unless the plan adminis-  
18                 trator elects that the plan will be treated  
19                 as a pooled employer plan and the plan  
20                 meets the requirements of this title appli-  
21                 cable to a pooled employer plan established  
22                 on or after such date.

23          “(D) TREATMENT OF EMPLOYERS AS PLAN  
24          SPONSORS.—Except with respect to the admin-  
25          istrative duties of the pooled plan provider de-



1 scribed in paragraph (44)(A)(i), each employer  
2 in a pooled employer plan shall be treated as  
3 the plan sponsor with respect to the portion of  
4 the plan attributable to employees of such em-  
5 ployer (or beneficiaries of such employees).

6 “(44) POOLED PLAN PROVIDER.—

7 “(A) IN GENERAL.—The term ‘pooled plan  
8 provider’ means a person who—

9 “(i) is designated by the terms of a  
10 pooled employer plan as a named fiduciary,  
11 as the plan administrator, and as the per-  
12 son responsible for the performance of all  
13 administrative duties (including conducting  
14 proper testing with respect to the plan and  
15 the employees of each employer in the  
16 plan) which are reasonably necessary to  
17 ensure that—

18 “(I) the plan meets any require-  
19 ment applicable under this Act or the  
20 Internal Revenue Code of 1986 to a  
21 plan described in section 401(a) of  
22 such Code or to a plan that consists  
23 of individual retirement accounts de-  
24 scribed in section 408 of such Code

1 (including by reason of subsection (c)  
2 thereof), whichever is applicable; and

3 “(II) each employer in the plan  
4 takes such actions as the Secretary or  
5 pooled plan provider determines are  
6 necessary for the plan to meet the re-  
7 quirements described in subclause (I),  
8 including providing the disclosures  
9 and information described in para-  
10 graph (43)(B)(v)(II);

11 “(ii) registers as a pooled plan pro-  
12 vider with the Secretary, and provides to  
13 the Secretary such other information as  
14 the Secretary may require, before begin-  
15 ning operations as a pooled plan provider;

16 “(iii) acknowledges in writing that  
17 such person is a named fiduciary, and the  
18 plan administrator, with respect to the  
19 pooled employer plan; and

20 “(iv) is responsible for ensuring that  
21 all persons who handle assets of, or who  
22 are fiduciaries of, the pooled employer plan  
23 are bonded in accordance with section 412.

24 “(B) AUDITS, EXAMINATIONS AND INVES-  
25 TIGATIONS.—The Secretary may perform au-

1           dits, examinations, and investigations of pooled  
2           plan providers as may be necessary to enforce  
3           and carry out the purposes of this paragraph  
4           and paragraph (43).

5           “(C) GUIDANCE.—The Secretary shall  
6           issue such guidance as the Secretary determines  
7           appropriate to carry out this paragraph and  
8           paragraph (43), including guidance—

9                   “(i) to identify the administrative du-  
10                   ties and other actions required to be per-  
11                   formed by a pooled plan provider under ei-  
12                   ther such paragraph; and

13                   “(ii) which requires in appropriate  
14                   cases that if an employer in the plan fails  
15                   to take the actions required under sub-  
16                   paragraph (A)(i)(II)—

17                           “(I) the assets of the plan attrib-  
18                           utable to employees of such employer  
19                           (or beneficiaries of such employees)  
20                           are transferred to a plan maintained  
21                           only by such employer (or its suc-  
22                           cessor), to an eligible retirement plan  
23                           as defined in section 402(c)(8)(B) of  
24                           the Internal Revenue Code of 1986  
25                           for each individual whose account is

1 transferred, or to any other arrange-  
2 ment that the Secretary determines is  
3 appropriate in such guidance; and

4 “(II) such employer (and not the  
5 plan with respect to which the failure  
6 occurred or any other employer in  
7 such plan) shall, except to the extent  
8 provided in such guidance, be liable  
9 for any liabilities with respect to such  
10 plan attributable to employees of such  
11 employer (or beneficiaries of such em-  
12 ployees).

13 The Secretary shall take into account  
14 under clause (ii) whether the failure of an  
15 employer or pooled plan provider to provide  
16 any disclosures or other information, or to  
17 take any other action, necessary to admin-  
18 ister a plan or to allow a plan to meet re-  
19 quirements described in subparagraph  
20 (A)(i)(II) has continued over a period of  
21 time that demonstrates a lack of commit-  
22 ment to compliance. The Secretary may  
23 waive the requirements of subclause (ii)(I)  
24 in appropriate circumstances if the Sec-  
25 retary determines it is in the best interests

1 of the employees of the employer referred  
2 to in such clause (and the beneficiaries of  
3 such employees) to retain the assets in the  
4 plan with respect to which the employer's  
5 failure occurred.

6 “(D) GOOD FAITH COMPLIANCE WITH LAW  
7 BEFORE GUIDANCE.—An employer or pooled  
8 plan provider shall not be treated as failing to  
9 meet a requirement of guidance issued by the  
10 Secretary under subparagraph (C) if, before the  
11 issuance of such guidance, the employer or  
12 pooled plan provider complies in good faith with  
13 a reasonable interpretation of the provisions of  
14 this paragraph, or paragraph (43), to which  
15 such guidance relates.

16 “(E) AGGREGATION RULES.—For purposes  
17 of this paragraph, in determining whether a  
18 person meets the requirements of this para-  
19 graph to be a pooled plan provider with respect  
20 to any plan, all persons who perform services  
21 for the plan and who are treated as a single  
22 employer under subsection (b), (c), (m), or (o)  
23 of section 414 of the Internal Revenue Code of  
24 1986 shall be treated as one person.”.

1           (2) BONDING REQUIREMENTS FOR POOLED EM-  
2           PLOYER PLANS.—The last sentence of section 412(a)  
3           of the Employee Retirement Income Security Act of  
4           1974 (29 U.S.C. 1112(a)) is amended by inserting  
5           “or in the case of a pooled employer plan (as defined  
6           in section 3(43))” after “section 407(d)(1))”.

7           (3) CONFORMING AND TECHNICAL AMEND-  
8           MENTS.—Section 3 of the Employee Retirement In-  
9           come Security Act of 1974 (29 U.S.C. 1002) is  
10          amended—

11                 (A) in paragraph (16)(B)—

12                         (i) by striking “or” at the end of  
13                         clause (ii); and

14                         (ii) by striking the period at the end  
15                         and inserting “, or (iv) in the case of a  
16                         pooled employer plan, the pooled plan pro-  
17                         vider.”; and

18                 (B) by striking the second paragraph (41).

19          (d) POOLED EMPLOYER AND MULTIPLE EMPLOYER  
20          PLAN REPORTING.—

21                 (1) ADDITIONAL INFORMATION.—Section 103  
22                 of the Employee Retirement Income Security Act of  
23                 1974 (29 U.S.C. 1023) is amended—

24                         (A) in subsection (a)(1)(B), by striking  
25                         “applicable subsections (d), (e), and (f)” and

1 inserting “applicable subsections (d), (e), (f),  
2 and (g)”;

3 (B) by amending subsection (g) to read as  
4 follows:

5 “(g) ADDITIONAL INFORMATION WITH RESPECT TO  
6 POOLED EMPLOYER AND MULTIPLE EMPLOYER  
7 PLANS.—An annual report under this section for a plan  
8 year shall include—

9 “(1) with respect to any plan to which section  
10 210(a) applies (including a pooled employer plan), a  
11 list of employers in the plan and a good faith esti-  
12 mate of the percentage of total contributions made  
13 by such employers during the plan year and the ag-  
14 gregate account balances attributable to each em-  
15 ployer in the plan (determined as the sum of the ac-  
16 count balances of the employees of such employer  
17 (and the beneficiaries of such employees)); and

18 “(2) with respect to a pooled employer plan, the  
19 identifying information for the person designated  
20 under the terms of the plan as the pooled plan pro-  
21 vider.”.

22 (2) SIMPLIFIED ANNUAL REPORTS.—Section  
23 104(a) of the Employee Retirement Income Security  
24 Act of 1974 (29 U.S.C. 1024(a)) is amended by

1 striking paragraph (2)(A) and inserting the fol-  
2 lowing:

3 “(2)(A) With respect to annual reports required to  
4 be filed with the Secretary under this part, the Secretary  
5 may by regulation prescribe simplified annual reports for  
6 any pension plan that—

7 “(i) covers fewer than 100 participants; or

8 “(ii) is a plan described in section 210(a) that  
9 covers fewer than 1,000 participants, but only if no  
10 single employer in the plan has 100 or more partici-  
11 pants covered by the plan.”.

12 (e) EFFECTIVE DATE.—

13 (1) IN GENERAL.—The amendments made by  
14 this section shall apply to plan years beginning after  
15 December 31, 2020.

16 (2) RULE OF CONSTRUCTION.—Nothing in the  
17 amendments made by subsection (a) shall be con-  
18 strued as limiting the authority of the Secretary of  
19 the Treasury or the Secretary’s delegate (determined  
20 without regard to such amendment) to provide for  
21 the proper treatment of a failure to meet any re-  
22 quirement applicable under the Internal Revenue  
23 Code of 1986 with respect to one employer (and its  
24 employees) in a multiple employer plan.



1 **SEC. 102. INCREASE IN 10 PERCENT CAP FOR AUTOMATIC**  
2 **ENROLLMENT SAFE HARBOR AFTER 1ST**  
3 **PLAN YEAR.**

4 (a) IN GENERAL.—Section 401(k)(13)(C)(iii) of the  
5 Internal Revenue Code of 1986 is amended by striking  
6 “does not exceed 10 percent” and inserting “does not ex-  
7 ceed 15 percent (10 percent during the period described  
8 in subclause (I))”.

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

12 **SEC. 103. RULES RELATING TO ELECTION OF SAFE HARBOR**  
13 **401(k) STATUS.**

14 (a) LIMITATION OF ANNUAL SAFE HARBOR NOTICE  
15 TO MATCHING CONTRIBUTION PLANS.—

16 (1) IN GENERAL.—Subparagraph (A) of section  
17 401(k)(12) of the Internal Revenue Code of 1986 is  
18 amended by striking “if such arrangement” and all  
19 that follows and inserting “if such arrangement—

20 “(i) meets the contribution require-  
21 ments of subparagraph (B) and the notice  
22 requirements of subparagraph (D), or

23 “(ii) meets the contribution require-  
24 ments of subparagraph (C).”.

25 (2) AUTOMATIC CONTRIBUTION ARRANGE-  
26 MENTS.—Subparagraph (B) of section 401(k)(13) of

1 such Code is amended by striking “means” and all  
2 that follows and inserting “means a cash or deferred  
3 arrangement—

4 “(i) which is described in subpara-  
5 graph (D)(i)(I) and meets the applicable  
6 requirements of subparagraphs (C)  
7 through (E), or

8 “(ii) which is described in subpara-  
9 graph (D)(i)(II) and meets the applicable  
10 requirements of subparagraphs (C) and  
11 (D).”.

12 (b) NONELECTIVE CONTRIBUTIONS.—Section  
13 401(k)(12) of the Internal Revenue Code of 1986 is  
14 amended by redesignating subparagraph (F) as subpara-  
15 graph (G), and by inserting after subparagraph (E) the  
16 following new subparagraph:

17 “(F) TIMING OF PLAN AMENDMENT FOR  
18 EMPLOYER MAKING NONELECTIVE CONTRIBU-  
19 TIONS.—

20 “(i) IN GENERAL.—Except as pro-  
21 vided in clause (ii), a plan may be amend-  
22 ed after the beginning of a plan year to  
23 provide that the requirements of subpara-  
24 graph (C) shall apply to the arrangement

1 for the plan year, but only if the amend-  
2 ment is adopted—

3 “(I) at any time before the 30th  
4 day before the close of the plan year,  
5 or

6 “(II) at any time before the last  
7 day under paragraph (8)(A) for dis-  
8 tributing excess contributions for the  
9 plan year.

10 “(ii) EXCEPTION WHERE PLAN PRO-  
11 VIDED FOR MATCHING CONTRIBUTIONS.—  
12 Clause (i) shall not apply to any plan year  
13 if the plan provided at any time during the  
14 plan year that the requirements of sub-  
15 paragraph (B) or paragraph (13)(D)(i)(I)  
16 applied to the plan year.

17 “(iii) 4-PERCENT CONTRIBUTION RE-  
18 QUIREMENT.—Clause (i)(II) shall not  
19 apply to an arrangement unless the  
20 amount of the contributions described in  
21 subparagraph (C) which the employer is  
22 required to make under the arrangement  
23 for the plan year with respect to any em-  
24 ployee is an amount equal to at least 4  
25 percent of the employee’s compensation.”.

1           (c) AUTOMATIC CONTRIBUTION ARRANGEMENTS.—  
2 Section 401(k)(13) of the Internal Revenue Code of 1986  
3 is amended by adding at the end the following:

4                   “(F) TIMING OF PLAN AMENDMENT FOR  
5                   EMPLOYER MAKING NONELECTIVE CONTRIBU-  
6                   TIONS.—

7                           “(i) IN GENERAL.—Except as pro-  
8                           vided in clause (ii), a plan may be amend-  
9                           ed after the beginning of a plan year to  
10                           provide that the requirements of subpara-  
11                           graph (D)(i)(II) shall apply to the arrange-  
12                           ment for the plan year, but only if the  
13                           amendment is adopted—

14                                   “(I) at any time before the 30th  
15                                   day before the close of the plan year,  
16                                   or

17                                   “(II) at any time before the last  
18                                   day under paragraph (8)(A) for dis-  
19                                   tributing excess contributions for the  
20                                   plan year.

21                           “(ii) EXCEPTION WHERE PLAN PRO-  
22                           VIDED FOR MATCHING CONTRIBUTIONS.—  
23                           Clause (i) shall not apply to any plan year  
24                           if the plan provided at any time during the  
25                           plan year that the requirements of sub-

1 paragraph (D)(i)(I) or paragraph (12)(B)  
2 applied to the plan year.

3 “(iii) 4-PERCENT CONTRIBUTION RE-  
4 QUIREMENT.—Clause (i)(II) shall not  
5 apply to an arrangement unless the  
6 amount of the contributions described in  
7 subparagraph (D)(i)(II) which the em-  
8 ployer is required to make under the ar-  
9 rangement for the plan year with respect  
10 to any employee is an amount equal to at  
11 least 4 percent of the employee’s com-  
12 pensation.”.

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

16 **SEC. 104. INCREASE IN CREDIT LIMITATION FOR SMALL**  
17 **EMPLOYER PENSION PLAN STARTUP COSTS.**

18 (a) IN GENERAL.—Paragraph (1) of section 45E(b)  
19 of the Internal Revenue Code of 1986 is amended to read  
20 as follows:

21 “(1) for the first credit year and each of the 2  
22 taxable years immediately following the first credit  
23 year, the greater of—

24 “(A) \$500, or

25 “(B) the lesser of—

1 “(i) \$250 for each employee of the eli-  
2 gible employer who is not a highly com-  
3 pensated employee (as defined in section  
4 414(q)) and who is eligible to participate  
5 in the eligible employer plan maintained by  
6 the eligible employer, or

7 “(ii) \$5,000, and”.

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

11 **SEC. 105. SMALL EMPLOYER AUTOMATIC ENROLLMENT**  
12 **CREDIT.**

13 (a) IN GENERAL.—Subpart D of part IV of sub-  
14 chapter A of chapter 1 of the Internal Revenue Code of  
15 1986 is amended by adding at the end the following new  
16 section:

17 **“SEC. 45T. AUTO-ENROLLMENT OPTION FOR RETIREMENT**  
18 **SAVINGS OPTIONS PROVIDED BY SMALL EM-**  
19 **PLOYERS.**

20 “(a) IN GENERAL.—For purposes of section 38, in  
21 the case of an eligible employer, the retirement auto-en-  
22 rollment credit determined under this section for any tax-  
23 able year is an amount equal to—

24 “(1) \$500 for any taxable year occurring during  
25 the credit period, and

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

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

4           “(1) IN GENERAL.—The credit period with re-  
5 spect to any eligible employer is the 3-taxable-year  
6 period beginning with the first taxable year for  
7 which the employer includes an eligible automatic  
8 contribution arrangement (as defined in section  
9 414(w)(3)) in a qualified employer plan (as defined  
10 in section 4972(d)) sponsored by the employer.

11           “(2) MAINTENANCE OF ARRANGEMENT.—No  
12 taxable year with respect to an employer shall be  
13 treated as occurring within the credit period unless  
14 the arrangement described in paragraph (1) is in-  
15 cluded in the plan for such year.

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

19           (b) CREDIT TO BE PART OF GENERAL BUSINESS  
20 CREDIT.—Subsection (b) of section 38 of the Internal  
21 Revenue Code of 1986 is amended by striking “plus” at  
22 the end of paragraph (31), by striking the period at the  
23 end of paragraph (32) and inserting “, plus”, and by add-  
24 ing at the end the following new paragraph:

1 “(33) in the case of an eligible employer (as de-  
2 fined in section 45T(c)), the retirement auto-enroll-  
3 ment credit determined under section 45T(a).”.

4 (c) CLERICAL AMENDMENT.—The table of sections  
5 for subpart D of part IV of subchapter A of chapter 1  
6 of the Internal Revenue Code of 1986 is amended by in-  
7 serting after the item relating to section 45S the following  
8 new item:

“Sec. 45T. Auto-enrollment option for retirement savings options provided by  
small employers.”.

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

12 **SEC. 106. CERTAIN TAXABLE NON-TUITION FELLOWSHIP**  
13 **AND STIPEND PAYMENTS TREATED AS COM-**  
14 **PENSATION FOR IRA PURPOSES.**

15 (a) IN GENERAL.—Paragraph (1) of section 219(f)  
16 of the Internal Revenue Code of 1986 is amended by add-  
17 ing at the end the following: “The term ‘compensation’  
18 shall include any amount which is included in the individ-  
19 ual’s gross income and paid to the individual to aid the  
20 individual in the pursuit of graduate or postdoctoral  
21 study.”.

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



1 **SEC. 107. REPEAL OF MAXIMUM AGE FOR TRADITIONAL IRA**  
2 **CONTRIBUTIONS.**

3 (a) IN GENERAL.—Paragraph (1) of section 219(d)  
4 of the Internal Revenue Code of 1986 is repealed.

5 (b) COORDINATION WITH QUALIFIED CHARITABLE  
6 DISTRIBUTIONS.—Add at the end of section 408(d)(8)(A)  
7 of such Code the following: “The amount of distributions  
8 not includible in gross income by reason of the preceding  
9 sentence for a taxable year (determined without regard to  
10 this sentence) shall be reduced (but not below zero) by  
11 an amount equal to the excess of—

12 “(i) the aggregate amount of deduc-  
13 tions allowed to the taxpayer under section  
14 219 for all taxable years ending on or after  
15 the date the taxpayer attains age 70½,  
16 over

17 “(ii) the aggregate amount of reduc-  
18 tions under this sentence for all taxable  
19 years preceding the current taxable year.”.

20 (c) CONFORMING AMENDMENT.—Subsection (c) of  
21 section 408A of the Internal Revenue Code of 1986 is  
22 amended by striking paragraph (4) and by redesignating  
23 paragraphs (5), (6), and (7) as paragraphs (4), (5), and  
24 (6), respectively.

25 (d) EFFECTIVE DATE.—

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

5           (2) SUBSECTION (b).—The amendment made  
6           by subsection (b) shall apply to distributions made  
7           for taxable years beginning after December 31,  
8           2019.

9   **SEC. 108. QUALIFIED EMPLOYER PLANS PROHIBITED FROM**  
10                           **MAKING LOANS THROUGH CREDIT CARDS**  
11                           **AND OTHER SIMILAR ARRANGEMENTS.**

12           (a) IN GENERAL.—Paragraph (2) of section 72(p) of  
13           the Internal Revenue Code of 1986 is amended by redesi-  
14           gnating subparagraph (D) as subparagraph (E) and by in-  
15           serting after subparagraph (C) the following new subpara-  
16           graph:

17                           “(D) PROHIBITION OF LOANS THROUGH  
18                           CREDIT CARDS AND OTHER SIMILAR ARRANGE-  
19                           MENTS.—Subparagraph (A) shall not apply to  
20                           any loan which is made through the use of any  
21                           credit card or any other similar arrangement.”.

22           (b) EFFECTIVE DATE.—The amendments made by  
23           subsection (a) shall apply to loans made after the date  
24           of the enactment of this Act.

1 **SEC. 109. PORTABILITY OF LIFETIME INCOME OPTIONS.**

2 (a) IN GENERAL.—Subsection (a) of section 401 of  
3 the Internal Revenue Code of 1986 is amended by insert-  
4 ing after paragraph (37) the following new paragraph:

5 “(38) PORTABILITY OF LIFETIME INCOME.—

6 “(A) IN GENERAL.—Except as may be oth-  
7 erwise provided by regulations, a trust forming  
8 part of a defined contribution plan shall not be  
9 treated as failing to constitute a qualified trust  
10 under this section solely by reason of allowing—

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

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

16 on or after the date that is 90 days prior to the  
17 date on which such lifetime income investment  
18 is no longer authorized to be held as an invest-  
19 ment option under the plan.

20 “(B) DEFINITIONS.—For purposes of this  
21 subsection—

22 “(i) the term ‘qualified distribution’  
23 means a direct trustee-to-trustee transfer  
24 described in paragraph (31)(A) to an eligi-  
25 ble retirement plan (as defined in section  
26 402(c)(8)(B)),

1           “(ii) the term ‘lifetime income invest-  
2           ment’ means an investment option which is  
3           designed to provide an employee with elec-  
4           tion rights—

5                   “(I) which are not uniformly  
6                   available with respect to other invest-  
7                   ment options under the plan, and

8                   “(II) which are to a lifetime in-  
9                   come feature available through a con-  
10                  tract or other arrangement offered  
11                  under the plan (or under another eli-  
12                  gible retirement plan (as so defined),  
13                  if paid by means of a direct trustee-  
14                  to-trustee transfer described in para-  
15                  graph (31)(A) to such other eligible  
16                  retirement plan),

17           “(iii) the term ‘lifetime income fea-  
18           ture’ means—

19                   “(I) a feature which guarantees a  
20                   minimum level of income annually (or  
21                   more frequently) for at least the re-  
22                   mainder of the life of the employee or  
23                   the joint lives of the employee and the  
24                   employee’s designated beneficiary, or

1                   “(II) an annuity payable on be-  
2                   half of the employee under which pay-  
3                   ments are made in substantially equal  
4                   periodic payments (not less frequently  
5                   than annually) over the life of the em-  
6                   ployee or the joint lives of the em-  
7                   ployee and the employee’s designated  
8                   beneficiary, and

9                   “(iv) the term ‘qualified plan distribu-  
10                  tion annuity contract’ means an annuity  
11                  contract purchased for a participant and  
12                  distributed to the participant by a plan or  
13                  contract described in subparagraph (B) of  
14                  section 402(c)(8) (without regard to  
15                  clauses (i) and (ii) thereof).”.

16               (b) CASH OR DEFERRED ARRANGEMENT.—

17               (1) IN GENERAL.—Clause (i) of section  
18               401(k)(2)(B) of the Internal Revenue Code of 1986  
19               is amended by striking “or” at the end of subclause  
20               (IV), by striking “and” at the end of subclause (V)  
21               and inserting “or”, and by adding at the end the fol-  
22               lowing new subclause:

23                               “(VI) except as may be otherwise  
24                               provided by regulations, with respect  
25                               to amounts invested in a lifetime in-

1           come investment (as defined in sub-  
2           section (a)(38)(B)(ii)), the date that  
3           is 90 days prior to the date that such  
4           lifetime income investment may no  
5           longer be held as an investment option  
6           under the arrangement, and”.

7           (2) DISTRIBUTION REQUIREMENT.—Subpara-  
8           graph (B) of section 401(k)(2) of such Code, as  
9           amended by paragraph (1), is amended by striking  
10          “and” at the end of clause (i), by striking the semi-  
11          colon at the end of clause (ii) and inserting “, and”,  
12          and by adding at the end the following new clause:

13                   “(iii) except as may be otherwise pro-  
14                   vided by regulations, in the case of  
15                   amounts described in clause (i)(VI), will be  
16                   distributed only in the form of a qualified  
17                   distribution (as defined in subsection  
18                   (a)(38)(B)(i)) or a qualified plan distribu-  
19                   tion annuity contract (as defined in sub-  
20                   section (a)(38)(B)(iv)),”.

21          (c) SECTION 403(b) PLANS.—

22           (1) ANNUITY CONTRACTS.—Paragraph (11) of  
23          section 403(b) of the Internal Revenue Code of 1986  
24          is amended by striking “or” at the end of subpara-  
25          graph (B), by striking the period at the end of sub-

1 paragraph (C) and inserting “, or”, and by inserting  
2 after subparagraph (C) the following new subpara-  
3 graph:

4 “(D) except as may be otherwise provided  
5 by regulations, with respect to amounts invested  
6 in a lifetime income investment (as defined in  
7 section 401(a)(38)(B)(ii))—

8 “(i) on or after the date that is 90  
9 days prior to the date that such lifetime  
10 income investment may no longer be held  
11 as an investment option under the con-  
12 tract, and

13 “(ii) in the form of a qualified dis-  
14 tribution (as defined in section  
15 401(a)(38)(B)(i)) or a qualified plan dis-  
16 tribution annuity contract (as defined in  
17 section 401(a)(38)(B)(iv)).”.

18 (2) CUSTODIAL ACCOUNTS.—Subparagraph (A)  
19 of section 403(b)(7) of such Code is amended by  
20 striking “if—” and all that follows and inserting “if  
21 the amounts are to be invested in regulated invest-  
22 ment company stock to be held in that custodial ac-  
23 count, and under the custodial account—

24 “(i) no such amounts may be paid or  
25 made available to any distributee (unless

1 such amount is a distribution to which sec-  
2 tion 72(t)(2)(G) applies) before—

3 “(I) the employee dies,

4 “(II) the employee attains age  
5 59½,

6 “(III) the employee has a sever-  
7 ance from employment,

8 “(IV) the employee becomes dis-  
9 abled (within the meaning of section  
10 72(m)(7)),

11 “(V) in the case of contributions  
12 made pursuant to a salary reduction  
13 agreement (within the meaning of sec-  
14 tion 3121(a)(5)(D)), the employee en-  
15 counters financial hardship, or

16 “(VI) except as may be otherwise  
17 provided by regulations, with respect  
18 to amounts invested in a lifetime in-  
19 come investment (as defined in section  
20 401(a)(38)(B)(ii)), the date that is 90  
21 days prior to the date that such life-  
22 time income investment may no longer  
23 be held as an investment option under  
24 the contract, and



1           “(ii) in the case of amounts described  
2           in clause (i)(VI), such amounts will be dis-  
3           tributed only in the form of a qualified dis-  
4           tribution (as defined in section  
5           401(a)(38)(B)(i)) or a qualified plan dis-  
6           tribution annuity contract (as defined in  
7           section 401(a)(38)(B)(iv)).”.

8           (d) ELIGIBLE DEFERRED COMPENSATION PLANS.—

9           (1) IN GENERAL.—Subparagraph (A) of section  
10          457(d)(1) of the Internal Revenue Code of 1986 is  
11          amended by striking “or” at the end of clause (ii),  
12          by inserting “or” at the end of clause (iii), and by  
13          adding after clause (iii) the following:

14                 “(iv) except as may be otherwise pro-  
15                 vided by regulations, in the case of a plan  
16                 maintained by an employer described in  
17                 subsection (e)(1)(A), with respect to  
18                 amounts invested in a lifetime income in-  
19                 vestment (as defined in section  
20                 401(a)(38)(B)(ii)), the date that is 90  
21                 days prior to the date that such lifetime  
22                 income investment may no longer be held  
23                 as an investment option under the plan,”.

24           (2) DISTRIBUTION REQUIREMENT.—Paragraph  
25          (1) of section 457(d) of such Code is amended by

1 striking “and” at the end of subparagraph (B), by  
2 striking the period at the end of subparagraph (C)  
3 and inserting “, and”, and by inserting after sub-  
4 paragraph (C) the following new subparagraph:

5 “(D) except as may be otherwise provided  
6 by regulations, in the case of amounts described  
7 in subparagraph (A)(iv), such amounts will be  
8 distributed only in the form of a qualified dis-  
9 tribution (as defined in section  
10 401(a)(38)(B)(i)) or a qualified plan distribu-  
11 tion annuity contract (as defined in section  
12 401(a)(38)(B)(iv)).”.

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

16 **SEC. 110. TREATMENT OF CUSTODIAL ACCOUNTS ON TER-**  
17 **MINATION OF SECTION 403(b) PLANS.**

18 Not later than six months after the date of enactment  
19 of this Act, the Secretary of the Treasury shall issue guid-  
20 ance to provide that, if an employer terminates the plan  
21 under which amounts are contributed to a custodial ac-  
22 count under subparagraph (A) of section 403(b)(7), the  
23 plan administrator or custodian may distribute an indi-  
24 vidual custodial account in kind to a participant or bene-  
25 ficiary of the plan and the distributed custodial account

1 shall be maintained by the custodian on a tax-deferred  
2 basis as a section 403(b)(7) custodial account, similar to  
3 the treatment of fully-paid individual annuity contracts  
4 under Revenue Ruling 2011–7, until amounts are actually  
5 paid to the participant or beneficiary. The guidance shall  
6 provide further (i) that the section 403(b)(7) status of the  
7 distributed custodial account is generally maintained if the  
8 custodial account thereafter adheres to the requirements  
9 of section 403(b) that are in effect at the time of the dis-  
10 tribution of the account and (ii) that a custodial account  
11 would not be considered distributed to the participant or  
12 beneficiary if the employer has any material retained  
13 rights under the account (but the employer would not be  
14 treated as retaining material rights simply because the  
15 custodial account was originally opened under a group  
16 contract). Such guidance shall be retroactively effective for  
17 taxable years beginning after December 31, 2008.

18 **SEC. 111. CLARIFICATION OF RETIREMENT INCOME AC-**  
19 **COUNT RULES RELATING TO CHURCH-CON-**  
20 **TROLLED ORGANIZATIONS.**

21 (a) IN GENERAL.—Subparagraph (B) of section  
22 403(b)(9) of the Internal Revenue Code of 1986 is amend-  
23 ed by inserting “(including an employee described in sec-  
24 tion 414(e)(3)(B))” after “employee described in para-  
25 graph (1)”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to years beginning before, on, or  
3 after the date of the enactment of this Act.

4 **SEC. 112. QUALIFIED CASH OR DEFERRED ARRANGEMENTS**  
5 **MUST ALLOW LONG-TERM EMPLOYEES**  
6 **WORKING MORE THAN 500 BUT LESS THAN**  
7 **1,000 HOURS PER YEAR TO PARTICIPATE.**

8 (a) PARTICIPATION REQUIREMENT.—

9 (1) IN GENERAL.—Section 401(k)(2)(D) of the  
10 Internal Revenue Code of 1986 is amended to read  
11 as follows:

12 “(D) which does not require, as a condi-  
13 tion of participation in the arrangement, that  
14 an employee complete a period of service with  
15 the employer (or employers) maintaining the  
16 plan extending beyond the close of the earlier  
17 of—

18 “(i) the period permitted under sec-  
19 tion 410(a)(1) (determined without regard  
20 to subparagraph (B)(i) thereof), or

21 “(ii) subject to the provisions of para-  
22 graph (15), the first period of 3 consecu-  
23 tive 12-month periods during each of which  
24 the employee has at least 500 hours of  
25 service.”.

1           (2) SPECIAL RULES.—Section 401(k) of such  
2 Code is amended by adding at the end the following  
3 new paragraph:

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

7           “(A) AGE REQUIREMENT MUST BE MET.—

8 Paragraph (2)(D)(ii) shall not apply to an em-  
9 ployee unless the employee has met the require-  
10 ment of section 410(a)(1)(A)(i) by the close of  
11 the last of the 12-month periods described in  
12 such paragraph.

13           “(B) NONDISCRIMINATION AND TOP-  
14 HEAVY RULES NOT TO APPLY.—

15           “(i) NONDISCRIMINATION RULES.—In  
16 the case of employees who are eligible to  
17 participate in the arrangement solely by  
18 reason of paragraph (2)(D)(ii)—

19           “(I) notwithstanding subsection  
20 (a)(4), an employer shall not be re-  
21 quired to make nonelective or match-  
22 ing contributions on behalf of such  
23 employees even if such contributions  
24 are made on behalf of other employees

1 eligible to participate in the arrange-  
2 ment, and

3 “(II) an employer may elect to  
4 exclude such employees from the ap-  
5 plication of subsection (a)(4), para-  
6 graphs (3), (12), and (13), subsection  
7 (m)(2), and section 410(b).

8 “(ii) TOP-HEAVY RULES.—An em-  
9 ployer may elect to exclude all employees  
10 who are eligible to participate in a plan  
11 maintained by the employer solely by rea-  
12 son of paragraph (2)(D)(ii) from the appli-  
13 cation of the vesting and benefit require-  
14 ments under subsections (b) and (c) of sec-  
15 tion 416.

16 “(iii) VESTING.—For purposes of de-  
17 termining whether an employee described  
18 in clause (i) has a nonforfeitable right to  
19 employer contributions (other than con-  
20 tributions described in paragraph  
21 (3)(D)(i)) under the arrangement, each  
22 12-month period for which the employee  
23 has at least 500 hours of service shall be  
24 treated as a year of service, and section  
25 411(a)(6) shall be applied by substituting

1           ‘at least 500 hours of service’ for ‘more  
2           than 500 hours of service’ in subparagraph  
3           (A) thereof.

4           “(iv) EMPLOYEES WHO BECOME  
5           FULL-TIME EMPLOYEES.—This subpara-  
6           graph (other than clause (iii)) shall cease  
7           to apply to any employee as of the first  
8           plan year beginning after the plan year in  
9           which the employee meets the requirements  
10          of section 410(a)(1)(A)(ii) without regard  
11          to paragraph (2)(D)(ii).

12          “(C) EXCEPTION FOR EMPLOYEES UNDER  
13          COLLECTIVELY BARGAINED PLANS, ETC.—Para-  
14          graph (2)(D)(ii) shall not apply to employees  
15          described in section 410(b)(3).

16          “(D) SPECIAL RULES.—

17                 “(i) TIME OF PARTICIPATION.—The  
18                 rules of section 410(a)(4) shall apply to an  
19                 employee eligible to participate in an ar-  
20                 rangement solely by reason of paragraph  
21                 (2)(D)(ii).

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

1 (b) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to plan years beginning after De-  
 3 cember 31, 2020, except that, for purposes of section  
 4 401(k)(2)(D)(ii) of the Internal Revenue Code of 1986 (as  
 5 added by such amendments), 12-month periods beginning  
 6 before January 1, 2021, shall not be taken into account.

7 **SEC. 113. PENALTY-FREE WITHDRAWALS FROM RETIRE-**  
 8 **MENT PLANS FOR INDIVIDUALS IN CASE OF**  
 9 **BIRTH OF CHILD OR ADOPTION.**

10 (a) IN GENERAL.—Section 72(t)(2) of the Internal  
 11 Revenue Code of 1986 is amended by adding at the end  
 12 the following new subparagraph:

13 “(H) DISTRIBUTIONS FROM RETIREMENT  
 14 PLANS IN CASE OF BIRTH OF CHILD OR ADOP-  
 15 TION.—

16 “(i) IN GENERAL.—Any qualified  
 17 birth or adoption distribution.

18 “(ii) LIMITATION.—The aggregate  
 19 amount which may be treated as qualified  
 20 birth or adoption distributions by any indi-  
 21 vidual with respect to any birth or adop-  
 22 tion shall not exceed \$5,000.

23 “(iii) QUALIFIED BIRTH OR ADOPTION  
 24 DISTRIBUTION.—For purposes of this sub-  
 25 paragraph—



1                   “(I) IN GENERAL.—The term  
2                   ‘qualified birth or adoption distribu-  
3                   tion’ means any distribution from an  
4                   applicable eligible retirement plan to  
5                   an individual if made during the 1-  
6                   year period beginning on the date on  
7                   which a child of the individual is born  
8                   or on which the legal adoption by the  
9                   individual of an eligible adoptee is fi-  
10                  nalized.

11                  “(II) ELIGIBLE ADOPTEE.—The  
12                  term ‘eligible adoptee’ means any indi-  
13                  vidual (other than a child of the tax-  
14                  payer’s spouse) who has not attained  
15                  age 18 or is physically or mentally in-  
16                  capable of self-support.

17                  “(iv) TREATMENT OF PLAN DISTRIBUTIONS.—  
18                  TIONS.—

19                  “(I) IN GENERAL.—If a distribu-  
20                  tion to an individual would (without  
21                  regard to clause (ii)) be a qualified  
22                  birth or adoption distribution, a plan  
23                  shall not be treated as failing to meet  
24                  any requirement of this title merely  
25                  because the plan treats the distribu-

1           tion as a qualified birth or adoption  
2           distribution, unless the aggregate  
3           amount of such distributions from all  
4           plans maintained by the employer  
5           (and any member of any controlled  
6           group which includes the employer) to  
7           such individual exceeds \$5,000.

8           “(II) CONTROLLED GROUP.—For  
9           purposes of subclause (I), the term  
10          ‘controlled group’ means any group  
11          treated as a single employer under  
12          subsection (b), (c), (m), or (o) of sec-  
13          tion 414.

14          “(v) AMOUNT DISTRIBUTED MAY BE  
15          REPAID.—

16          “(I) IN GENERAL.—Any indi-  
17          vidual who receives a qualified birth  
18          or adoption distribution may make  
19          one or more contributions in an ag-  
20          gregate amount not to exceed the  
21          amount of such distribution to an ap-  
22          plicable eligible retirement plan of  
23          which such individual is a beneficiary  
24          and to which a rollover contribution of  
25          such distribution could be made under

1 section 402(c), 403(a)(4), 403(b)(8),  
2 408(d)(3), or 457(e)(16), as the case  
3 may be.

4 “(II) LIMITATION ON CONTRIBU-  
5 TIONS TO APPLICABLE ELIGIBLE RE-  
6 TIREMENT PLANS OTHER THAN  
7 IRAS.—The aggregate amount of con-  
8 tributions made by an individual  
9 under subclause (I) to any applicable  
10 eligible retirement plan which is not  
11 an individual retirement plan shall not  
12 exceed the aggregate amount of quali-  
13 fied birth or adoption distributions  
14 which are made from such plan to  
15 such individual. Subclause (I) shall  
16 not apply to contributions to any ap-  
17 plicable eligible retirement plan which  
18 is not an individual retirement plan  
19 unless the individual is eligible to  
20 make contributions (other than those  
21 described in subclause (I)) to such ap-  
22 plicable eligible retirement plan.

23 “(III) TREATMENT OF REPAY-  
24 MENTS OF DISTRIBUTIONS FROM AP-  
25 PPLICABLE ELIGIBLE RETIREMENT

1 PLANS OTHER THAN IRAS.—If a con-  
2 tribution is made under subclause (I)  
3 with respect to a qualified birth or  
4 adoption distribution from an applica-  
5 ble eligible retirement plan other than  
6 an individual retirement plan, then  
7 the taxpayer shall, to the extent of the  
8 amount of the contribution, be treated  
9 as having received such distribution in  
10 an eligible rollover distribution (as de-  
11 fined in section 402(c)(4)) and as  
12 having transferred the amount to the  
13 applicable eligible retirement plan in a  
14 direct trustee to trustee transfer with-  
15 in 60 days of the distribution.

16 “(IV) TREATMENT OF REPAY-  
17 MENTS FOR DISTRIBUTIONS FROM  
18 IRAS.—If a contribution is made  
19 under subclause (I) with respect to a  
20 qualified birth or adoption distribution  
21 from an individual retirement plan,  
22 then, to the extent of the amount of  
23 the contribution, such distribution  
24 shall be treated as a distribution de-  
25 scribed in section 408(d)(3) and as

1           having been transferred to the appli-  
2           cable eligible retirement plan in a di-  
3           rect trustee to trustee transfer within  
4           60 days of the distribution.

5           “(vi) DEFINITION AND SPECIAL  
6           RULES.—For purposes of this subpara-  
7           graph—

8                   “(I) APPLICABLE ELIGIBLE RE-  
9                   TIREMENT PLAN.—The term ‘applica-  
10                   ble eligible retirement plan’ means an  
11                   eligible retirement plan (as defined in  
12                   section 402(c)(8)(B)) other than a de-  
13                   fined benefit plan.

14                   “(II) EXEMPTION OF DISTRIBU-  
15                   TIONS FROM TRUSTEE TO TRUSTEE  
16                   TRANSFER AND WITHHOLDING  
17                   RULES.—For purposes of sections  
18                   401(a)(31), 402(f), and 3405, a quali-  
19                   fied birth or adoption distribution  
20                   shall not be treated as an eligible roll-  
21                   over distribution.

22                   “(III) TAXPAYER MUST INCLUDE  
23                   TIN.—A distribution shall not be  
24                   treated as a qualified birth or adop-  
25                   tion distribution with respect to any

1 child or eligible adoptee unless the  
2 taxpayer includes the name, age, and  
3 TIN of such child or eligible adoptee  
4 on the taxpayer's return of tax for the  
5 taxable year.

6 “(IV) DISTRIBUTIONS TREATED  
7 AS MEETING PLAN DISTRIBUTION RE-  
8 QUIREMENTS.—Any qualified birth or  
9 adoption distribution shall be treated  
10 as meeting the requirements of sec-  
11 tions 401(k)(2)(B)(i),  
12 403(b)(7)(A)(ii), 403(b)(11), and  
13 457(d)(1)(A).”.

14 (b) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to distributions made after Decem-  
16 ber 31, 2019.

17 **SEC. 114. INCREASE IN AGE FOR REQUIRED BEGINNING**  
18 **DATE FOR MANDATORY DISTRIBUTIONS.**

19 (a) IN GENERAL.—Section 401(a)(9)(C)(i)(I) of the  
20 Internal Revenue Code of 1986 is amended by striking  
21 “age 70½” and inserting “age 72”.

22 (b) SPOUSE BENEFICIARIES; SPECIAL RULE FOR  
23 OWNERS.—Subparagraphs (B)(iv)(I) and (C)(ii)(I) of sec-  
24 tion 401(a)(9) of such Code are each amended by striking  
25 “age 70½” and inserting “age 72”.

1 (c) CONFORMING AMENDMENTS.—The last sentence  
2 of section 408(b) of such Code is amended by striking  
3 “age 70½” and inserting “age 72”.

4 (d) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to distributions required to be  
6 made after December 31, 2019, with respect to individuals  
7 who attain age 70½ after such date.

8 **SEC. 115. SPECIAL RULES FOR MINIMUM FUNDING STAND-**  
9 **ARDS FOR COMMUNITY NEWSPAPER PLANS.**

10 (a) AMENDMENT TO INTERNAL REVENUE CODE OF  
11 1986.—Section 430 of the Internal Revenue Code of 1986  
12 is amended by adding at the end the following new sub-  
13 section:

14 “(m) SPECIAL RULES FOR COMMUNITY NEWSPAPER  
15 PLANS.—

16 “(1) IN GENERAL.—The plan sponsor of a com-  
17 munity newspaper plan under which no participant  
18 has had the participant’s accrued benefit increased  
19 (whether because of service or compensation) after  
20 December 31, 2017, may elect to have the alter-  
21 native standards described in paragraph (3) apply to  
22 such plan, and any plan sponsored by any member  
23 of the same controlled group.

24 “(2) ELECTION.—An election under paragraph  
25 (1) shall be made at such time and in such manner

1 as prescribed by the Secretary. Such election, once  
2 made with respect to a plan year, shall apply to all  
3 subsequent plan years unless revoked with the con-  
4 sent of the Secretary.

5 “(3) ALTERNATIVE MINIMUM FUNDING STAND-  
6 ARDS.—The alternative standards described in this  
7 paragraph are the following:

8 “(A) INTEREST RATES.—

9 “(i) IN GENERAL.—Notwithstanding  
10 subsection (h)(2)(C) and except as pro-  
11 vided in clause (ii), the first, second, and  
12 third segment rates in effect for any  
13 month for purposes of this section shall be  
14 8 percent.

15 “(ii) NEW BENEFIT ACCRUALS.—Not-  
16 withstanding subsection (h)(2), for pur-  
17 poses of determining the funding target  
18 and normal cost of a plan for any plan  
19 year, the present value of any benefits ac-  
20 crued or earned under the plan for a plan  
21 year with respect to which an election  
22 under paragraph (1) is in effect shall be  
23 determined on the basis of the United  
24 States Treasury obligation yield curve for



1 the day that is the valuation date of such  
2 plan for such plan year.

3 “(iii) UNITED STATES TREASURY OB-  
4 LIGATION YIELD CURVE.—For purposes of  
5 this subsection, the term ‘United States  
6 Treasury obligation yield curve’ means,  
7 with respect to any day, a yield curve  
8 which shall be prescribed by the Secretary  
9 for such day on interest-bearing obligations  
10 of the United States.

11 “(B) SHORTFALL AMORTIZATION BASE.—

12 “(i) PREVIOUS SHORTFALL AMORTIZA-  
13 TION BASES.—The shortfall amortization  
14 bases determined under subsection (c)(3)  
15 for all plan years preceding the first plan  
16 year to which the election under paragraph  
17 (1) applies (and all shortfall amortization  
18 installments determined with respect to  
19 such bases) shall be reduced to zero under  
20 rules similar to the rules of subsection  
21 (c)(6).

22 “(ii) NEW SHORTFALL AMORTIZATION  
23 BASE.—Notwithstanding subsection (c)(3),  
24 the shortfall amortization base for the first  
25 plan year to which the election under para-

1 graph (1) applies shall be the funding  
2 shortfall of such plan for such plan year  
3 (determined using the interest rates as  
4 modified under subparagraph (A)).

5 “(C) DETERMINATION OF SHORTFALL AM-  
6 ORTIZATION INSTALLMENTS.—

7 “(i) 30-YEAR PERIOD.—Subpara-  
8 graphs (A) and (B) of subsection (c)(2)  
9 shall be applied by substituting ‘30-plan-  
10 year’ for ‘7-plan-year’ each place it ap-  
11 pears.

12 “(ii) NO SPECIAL ELECTION.—The  
13 election under subparagraph (D) of sub-  
14 section (c)(2) shall not apply to any plan  
15 year to which the election under paragraph  
16 (1) applies.

17 “(D) EXEMPTION FROM AT-RISK TREAT-  
18 MENT.—Subsection (i) shall not apply.

19 “(4) COMMUNITY NEWSPAPER PLAN.—For pur-  
20 poses of this subsection—

21 “(A) IN GENERAL.—The term ‘community  
22 newspaper plan’ means a plan to which this sec-  
23 tion applies maintained by an employer which,  
24 as of December 31, 2017—

1           “(i) publishes and distributes daily, ei-  
2 ther electronically or in printed form, 1 or  
3 more community newspapers in a single  
4 State,

5           “(ii) is not a company the stock of  
6 which is publicly traded (on a stock ex-  
7 change or in an over-the-counter market),  
8 and is not controlled, directly or indirectly,  
9 by such a company,

10          “(iii) is controlled, directly or indi-  
11 rectly—

12           “(I) by 1 or more persons resid-  
13 ing primarily in the State in which  
14 the community newspaper is pub-  
15 lished,

16           “(II) for not less than 30 years  
17 by individuals who are members of the  
18 same family,

19           “(III) by a trust created or orga-  
20 nized in the State in which the com-  
21 munity newspaper is published, the  
22 sole trustees of which are persons de-  
23 scribed in subclause (I) or (II),

24           “(IV) by an entity which is de-  
25 scribed in section 501(c)(3) and ex-

1                   empt from taxation under section  
2                   501(a), which is organized and oper-  
3                   ated in the State in which the commu-  
4                   nity newspaper is published, and the  
5                   primary purpose of which is to benefit  
6                   communities in such State, or

7                   “(V) by a combination of persons  
8                   described in subclause (I), (III), or  
9                   (IV), and

10                  “(iv) does not control, directly or indi-  
11                  rectly, any newspaper in any other State.

12                  “(B) COMMUNITY NEWSPAPER.—The term  
13                  ‘community newspaper’ means a newspaper  
14                  which primarily serves a metropolitan statistical  
15                  area, as determined by the Office of Manage-  
16                  ment and Budget, with a population of not less  
17                  than 100,000.

18                  “(C) CONTROL.—A person shall be treated  
19                  as controlled by another person if such other  
20                  person possesses, directly or indirectly, the  
21                  power to direct or cause the direction and man-  
22                  agement of such person (including the power to  
23                  elect a majority of the members of the board of  
24                  directors of such person) through the ownership  
25                  of voting securities.

1           “(5) CONTROLLED GROUP.—For purposes of  
2           this subsection, the term ‘controlled group’ means all  
3           persons treated as a single employer under sub-  
4           section (b), (c), (m), or (o) of section 414 as of the  
5           date of the enactment of this subsection.”.

6           (b) AMENDMENT TO EMPLOYEE RETIREMENT IN-  
7           COME SECURITY ACT OF 1974.—Section 303 of the Em-  
8           ployee Retirement Income Security Act of 1974 (29  
9           U.S.C. 1083) is amended by adding at the end the fol-  
10          lowing new subsection:

11          “(m) SPECIAL RULES FOR COMMUNITY NEWSPAPER  
12          PLANS.—

13                 “(1) IN GENERAL.—The plan sponsor of a com-  
14                 munity newspaper plan under which no participant  
15                 has had the participant’s accrued benefit increased  
16                 (whether because of service or compensation) after  
17                 December 31, 2017, may elect to have the alter-  
18                 native standards described in paragraph (3) apply to  
19                 such plan, and any plan sponsored by any member  
20                 of the same controlled group.

21                 “(2) ELECTION.—An election under paragraph  
22                 (1) shall be made at such time and in such manner  
23                 as prescribed by the Secretary of the Treasury. Such  
24                 election, once made with respect to a plan year, shall

1 apply to all subsequent plan years unless revoked  
2 with the consent of the Secretary of the Treasury.

3 “(3) ALTERNATIVE MINIMUM FUNDING STAND-  
4 ARDS.—The alternative standards described in this  
5 paragraph are the following:

6 “(A) INTEREST RATES.—

7 “(i) IN GENERAL.—Notwithstanding  
8 subsection (h)(2)(C) and except as pro-  
9 vided in clause (ii), the first, second, and  
10 third segment rates in effect for any  
11 month for purposes of this section shall be  
12 8 percent.

13 “(ii) NEW BENEFIT ACCRUALS.—Not-  
14 withstanding subsection (h)(2), for pur-  
15 poses of determining the funding target  
16 and normal cost of a plan for any plan  
17 year, the present value of any benefits ac-  
18 crued or earned under the plan for a plan  
19 year with respect to which an election  
20 under paragraph (1) is in effect shall be  
21 determined on the basis of the United  
22 States Treasury obligation yield curve for  
23 the day that is the valuation date of such  
24 plan for such plan year.

1           “(iii) UNITED STATES TREASURY OB-  
2           LIGATION YIELD CURVE.—For purposes of  
3           this subsection, the term ‘United States  
4           Treasury obligation yield curve’ means,  
5           with respect to any day, a yield curve  
6           which shall be prescribed by the Secretary  
7           of the Treasury for such day on interest-  
8           bearing obligations of the United States.

9           “(B) SHORTFALL AMORTIZATION BASE.—

10           “(i) PREVIOUS SHORTFALL AMORTIZA-  
11           TION BASES.—The shortfall amortization  
12           bases determined under subsection (c)(3)  
13           for all plan years preceding the first plan  
14           year to which the election under paragraph  
15           (1) applies (and all shortfall amortization  
16           installments determined with respect to  
17           such bases) shall be reduced to zero under  
18           rules similar to the rules of subsection  
19           (c)(6).

20           “(ii) NEW SHORTFALL AMORTIZATION  
21           BASE.—Notwithstanding subsection (c)(3),  
22           the shortfall amortization base for the first  
23           plan year to which the election under para-  
24           graph (1) applies shall be the funding  
25           shortfall of such plan for such plan year

1 (determined using the interest rates as  
2 modified under subparagraph (A)).

3 “(C) DETERMINATION OF SHORTFALL AM-  
4 ORTIZATION INSTALLMENTS.—

5 “(i) 30-YEAR PERIOD.—Subpara-  
6 graphs (A) and (B) of subsection (c)(2)  
7 shall be applied by substituting ‘30-plan-  
8 year’ for ‘7-plan-year’ each place it ap-  
9 pears.

10 “(ii) NO SPECIAL ELECTION.—The  
11 election under subparagraph (D) of sub-  
12 section (c)(2) shall not apply to any plan  
13 year to which the election under paragraph  
14 (1) applies.

15 “(D) EXEMPTION FROM AT-RISK TREAT-  
16 MENT.—Subsection (i) shall not apply.

17 “(4) COMMUNITY NEWSPAPER PLAN.—For pur-  
18 poses of this subsection—

19 “(A) IN GENERAL.—The term ‘community  
20 newspaper plan’ means a plan to which this sec-  
21 tion applies maintained by an employer which,  
22 as of December 31, 2017—

23 “(i) publishes and distributes daily, ei-  
24 ther electronically or in printed form—

25 “(I) a community newspaper, or



1                   “(II) 1 or more community news-  
2                   papers in the same State,

3                   “(ii) is not a company the stock of  
4                   which is publicly traded (on a stock ex-  
5                   change or in an over-the-counter market),  
6                   and is not controlled, directly or indirectly,  
7                   by such a company,

8                   “(iii) is controlled, directly or indi-  
9                   rectly—

10                   “(I) by 1 or more persons resid-  
11                   ing primarily in the State in which  
12                   the community newspaper is pub-  
13                   lished,

14                   “(II) for not less than 30 years  
15                   by individuals who are members of the  
16                   same family,

17                   “(III) by a trust created or orga-  
18                   nized in the State in which the com-  
19                   munity newspaper is published, the  
20                   sole trustees of which are persons de-  
21                   scribed in subclause (I) or (II),

22                   “(IV) by an entity which is de-  
23                   scribed in section 501(c)(3) of the In-  
24                   ternal Revenue Code of 1986 and ex-  
25                   empt from taxation under section

1           501(a) of such Code, which is orga-  
2           nized and operated in the State in  
3           which the community newspaper is  
4           published, and the primary purpose of  
5           which is to benefit communities in  
6           such State, or

7                   “(V) by a combination of persons  
8           described in subclause (I), (III), or  
9           (IV), and

10                   “(iv) does not control, directly or indi-  
11           rectly, any newspaper in any other State.

12                   “(B) COMMUNITY NEWSPAPER.—The term  
13           ‘community newspaper’ means a newspaper  
14           which primarily serves a metropolitan statistical  
15           area, as determined by the Office of Manage-  
16           ment and Budget, with a population of not less  
17           than 100,000.

18                   “(C) CONTROL.—A person shall be treated  
19           as controlled by another person if such other  
20           person possesses, directly or indirectly, the  
21           power to direct or cause the direction and man-  
22           agement of such person (including the power to  
23           elect a majority of the members of the board of  
24           directors of such person) through the ownership  
25           of voting securities.

1           “(5) CONTROLLED GROUP.—For purposes of  
2 this subsection, the term ‘controlled group’ means all  
3 persons treated as a single employer under sub-  
4 section (b), (c), (m), or (o) of section 414 of the In-  
5 ternal Revenue Code of 1986 as of the date of the  
6 enactment of this subsection.

7           “(6) EFFECT ON PREMIUM RATE CALCULA-  
8 TION.—Notwithstanding any other provision of law  
9 or any regulation issued by the Pension Benefit  
10 Guaranty Corporation, in the case of a plan for  
11 which an election is made to apply the alternative  
12 standards described in paragraph (3), the additional  
13 premium under section 4006(a)(3)(E) shall be deter-  
14 mined as if such election had not been made.”.

15       (c) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to plan years ending after Decem-  
17 ber 31, 2017.

18 **SEC. 116. TREATING EXCLUDED DIFFICULTY OF CARE PAY-**  
19 **MENTS AS COMPENSATION FOR DETER-**  
20 **MINING RETIREMENT CONTRIBUTION LIM-**  
21 **TATIONS.**

22       (a) INDIVIDUAL RETIREMENT ACCOUNTS.—

23           (1) IN GENERAL.—Section 408(o) of the Inter-  
24 nal Revenue Code of 1986 is amended by adding at  
25 the end the following new paragraph:

1           “(5) SPECIAL RULE FOR DIFFICULTY OF CARE  
2 PAYMENTS EXCLUDED FROM GROSS INCOME.—In  
3 the case of an individual who for a taxable year ex-  
4 cludes from gross income under section 131 a quali-  
5 fied foster care payment which is a difficulty of care  
6 payment, if—

7           “(A) the deductible amount in effect for  
8 the taxable year under subsection (b), exceeds

9           “(B) the amount of compensation includ-  
10 ible in the individual’s gross income for the tax-  
11 able year,

12 the individual may elect to increase the nondeduct-  
13 ible limit under paragraph (2) for the taxable year  
14 by an amount equal to the lesser of such excess or  
15 the amount so excluded.”.

16           (2) EFFECTIVE DATE.—The amendments made  
17 by this subsection shall apply to contributions after  
18 the date of the enactment of this Act.

19           (b) DEFINED CONTRIBUTION PLANS.—

20           (1) IN GENERAL.—Section 415(c) of such Code  
21 is amended by adding at the end the following new  
22 paragraph:

23           “(8) SPECIAL RULE FOR DIFFICULTY OF CARE  
24 PAYMENTS EXCLUDED FROM GROSS INCOME.—

1           “(A) IN GENERAL.—For purposes of para-  
2 graph (1)(B), in the case of an individual who  
3 for a taxable year excludes from gross income  
4 under section 131 a qualified foster care pay-  
5 ment which is a difficulty of care payment, the  
6 participant’s compensation, or earned income,  
7 as the case may be, shall be increased by the  
8 amount so excluded.

9           “(B) CONTRIBUTIONS ALLOCABLE TO DIF-  
10 FICULTY OF CARE PAYMENTS TREATED AS  
11 AFTER-TAX.—Any contribution by the partici-  
12 pant which is allowable due to such increase—

13                   “(i) shall be treated for purposes of  
14 this title as investment in the contract, and

15                   “(ii) shall not cause a plan (and any  
16 arrangement which is part of such plan) to  
17 be treated as failing to meet any require-  
18 ments of this chapter solely by reason of  
19 allowing any such contributions.”.

20           (2) EFFECTIVE DATE.—The amendment made  
21 by this subsection shall apply to plan years begin-  
22 ning after December 31, 2015.

1           **TITLE II—ADMINISTRATIVE**  
2                           **IMPROVEMENTS**

3   **SEC. 201. PLAN ADOPTED BY FILING DUE DATE FOR YEAR**  
4                           **MAY BE TREATED AS IN EFFECT AS OF CLOSE**  
5                           **OF YEAR.**

6           (a) IN GENERAL.—Subsection (b) of section 401 of  
7 the Internal Revenue Code of 1986 is amended—

8                   (1) by striking “RETROACTIVE CHANGES IN  
9           PLAN.—A stock bonus” and inserting “PLAN  
10           AMENDMENTS.—

11                   “(1) CERTAIN RETROACTIVE CHANGES IN  
12           PLAN.—A stock bonus”; and

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

15                   “(2) ADOPTION OF PLAN.—If an employer  
16           adopts a stock bonus, pension, profit-sharing, or an-  
17           nuity plan after the close of a taxable year but be-  
18           fore the time prescribed by law for filing the return  
19           of the employer for the taxable year (including ex-  
20           tensions thereof), the employer may elect to treat  
21           the plan as having been adopted as of the last day  
22           of the taxable year.”.

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

1 **SEC. 202. COMBINED ANNUAL REPORT FOR GROUP OF**  
2 **PLANS.**

3 (a) **IN GENERAL.**—The Secretary of the Treasury  
4 and the Secretary of Labor shall, in cooperation, modify  
5 the returns required under section 6058 of the Internal  
6 Revenue Code of 1986 and the reports required by section  
7 104 of the Employee Retirement Income Security Act of  
8 1974 (29 U.S.C. 1024) so that all members of a group  
9 of plans described in subsection (c) may file a single aggre-  
10 gated annual return or report satisfying the requirements  
11 of both such sections.

12 (b) **ADMINISTRATIVE REQUIREMENTS.**—In devel-  
13 oping the consolidated return or report under subsection  
14 (a), the Secretary of the Treasury and the Secretary of  
15 Labor may require such return or report to include any  
16 information regarding each plan in the group as such Sec-  
17 retaries determine is necessary or appropriate for the en-  
18 forcement and administration of the Internal Revenue  
19 Code of 1986 and the Employee Retirement Income Secu-  
20 rity Act of 1974 and shall require such information as will  
21 enable a participant in a plan to identify any aggregated  
22 return or report filed with respect to the plan.

23 (c) **PLANS DESCRIBED.**—A group of plans is de-  
24 scribed in this subsection if all plans in the group—

25 (1) are individual account plans or defined con-  
26 tribution plans (as defined in section 3(34) of the

1 Employee Retirement Income Security Act of 1974  
2 (29 U.S.C. 1002(34)) or in section 414(i) of the In-  
3 ternal Revenue Code of 1986);

4 (2) have—

5 (A) the same trustee (as described in sec-  
6 tion 403(a) of such Act (29 U.S.C. 1103(a)));

7 (B) the same one or more named fidu-  
8 ciaries (as described in section 402(a) of such  
9 Act (29 U.S.C. 1102(a)));

10 (C) the same administrator (as defined in  
11 section 3(16)(A) of such Act (29 U.S.C.  
12 1002(16)(A))) and plan administrator (as de-  
13 fined in section 414(g) of the Internal Revenue  
14 Code of 1986); and

15 (D) plan years beginning on the same  
16 date; and

17 (3) provide the same investments or investment  
18 options to participants and beneficiaries.

19 A plan not subject to title I of the Employee Retirement  
20 Income Security Act of 1974 shall be treated as meeting  
21 the requirements of paragraph (2) as part of a group of  
22 plans if the same person that performs each of the func-  
23 tions described in such paragraph, as applicable, for all  
24 other plans in such group performs each of such functions  
25 for such plan.



1 (d) CLARIFICATION RELATING TO ELECTRONIC FIL-  
2 ING OF RETURNS FOR DEFERRED COMPENSATION  
3 PLANS.—

4 (1) IN GENERAL.—Section 6011(e) of the Inter-  
5 nal Revenue Code of 1986 is amended by adding at  
6 the end the following new paragraph:

7 “(6) APPLICATION OF NUMERICAL LIMITATION  
8 TO RETURNS RELATING TO DEFERRED COMPENSA-  
9 TION PLANS.—For purposes of applying the numer-  
10 ical limitation under paragraph (2)(A) to any return  
11 required under section 6058, information regarding  
12 each plan for which information is provided on such  
13 return shall be treated as a separate return.”.

14 (2) EFFECTIVE DATE.—The amendment made  
15 by paragraph (1) shall apply to returns required to  
16 be filed with respect to plan years beginning after  
17 December 31, 2019.

18 (e) EFFECTIVE DATE.—The modification required by  
19 subsection (a) shall be implemented not later than Janu-  
20 ary 1, 2022, and shall apply to returns and reports for  
21 plan years beginning after December 31, 2021.

22 **SEC. 203. DISCLOSURE REGARDING LIFETIME INCOME.**

23 (a) IN GENERAL.—Subparagraph (B) of section  
24 105(a)(2) of the Employee Retirement Income Security  
25 Act of 1974 (29 U.S.C. 1025(a)(2)) is amended—

1 (1) in clause (i), by striking “and” at the end;

2 (2) in clause (ii), by striking “diversification.”

3 and inserting “diversification, and”; and

4 (3) by inserting at the end the following:

5 “(iii) the lifetime income disclosure  
6 described in subparagraph (D)(i).

7 In the case of pension benefit statements de-  
8 scribed in clause (i) of paragraph (1)(A), a life-  
9 time income disclosure under clause (iii) of this  
10 subparagraph shall be required to be included  
11 in only one pension benefit statement during  
12 any one 12-month period.”.

13 (b) LIFETIME INCOME.—Paragraph (2) of section  
14 105(a) of the Employee Retirement Income Security Act  
15 of 1974 (29 U.S.C. 1025(a)) is amended by adding at the  
16 end the following new subparagraph:

17 “(D) LIFETIME INCOME DISCLOSURE.—

18 “(i) IN GENERAL.—

19 “(I) DISCLOSURE.—A lifetime in-  
20 come disclosure shall set forth the life-  
21 time income stream equivalent of the  
22 total benefits accrued with respect to  
23 the participant or beneficiary.

24 “(II) LIFETIME INCOME STREAM  
25 EQUIVALENT OF THE TOTAL BENE-

1                   FITS ACCRUED.—For purposes of this  
2                   subparagraph, the term ‘lifetime in-  
3                   come stream equivalent of the total  
4                   benefits accrued’ means the amount of  
5                   monthly payments the participant or  
6                   beneficiary would receive if the total  
7                   accrued benefits of such participant or  
8                   beneficiary were used to provide life-  
9                   time income streams described in sub-  
10                  clause (III), based on assumptions  
11                  specified in rules prescribed by the  
12                  Secretary.

13                   “(III)       LIFETIME       INCOME  
14                   STREAMS.—The     lifetime     income  
15                   streams described in this subclause  
16                   are a qualified joint and survivor an-  
17                   nuity (as defined in section 205(d)),  
18                   based on assumptions specified in  
19                   rules prescribed by the Secretary, in-  
20                   cluding the assumption that the par-  
21                   ticipant or beneficiary has a spouse of  
22                   equal age, and a single life annuity.  
23                   Such lifetime income streams may  
24                   have a term certain or other features

1 to the extent permitted under rules  
2 prescribed by the Secretary.

3 “(ii) MODEL DISCLOSURE.—Not later  
4 than 1 year after the date of the enact-  
5 ment of the Setting Every Community Up  
6 for Retirement Enhancement Act of 2019,  
7 the Secretary shall issue a model lifetime  
8 income disclosure, written in a manner so  
9 as to be understood by the average plan  
10 participant, which—

11 “(I) explains that the lifetime in-  
12 come stream equivalent is only pro-  
13 vided as an illustration;

14 “(II) explains that the actual  
15 payments under the lifetime income  
16 stream described in clause (i)(III)  
17 which may be purchased with the  
18 total benefits accrued will depend on  
19 numerous factors and may vary sub-  
20 stantially from the lifetime income  
21 stream equivalent in the disclosures;

22 “(III) explains the assumptions  
23 upon which the lifetime income stream  
24 equivalent was determined; and

1                   “(IV) provides such other similar  
2                   explanations as the Secretary con-  
3                   siders appropriate.

4                   “(iii) ASSUMPTIONS AND RULES.—  
5                   Not later than 1 year after the date of the  
6                   enactment of the Setting Every Commu-  
7                   nity Up for Retirement Enhancement Act  
8                   of 2019, the Secretary shall—

9                   “(I) prescribe assumptions which  
10                  administrators of individual account  
11                  plans may use in converting total ac-  
12                  crued benefits into lifetime income  
13                  stream equivalents for purposes of  
14                  this subparagraph; and

15                  “(II) issue interim final rules  
16                  under clause (i).

17                  In prescribing assumptions under sub-  
18                  clause (I), the Secretary may prescribe a  
19                  single set of specific assumptions (in which  
20                  case the Secretary may issue tables or fac-  
21                  tors which facilitate such conversions), or  
22                  ranges of permissible assumptions. To the  
23                  extent that an accrued benefit is or may be  
24                  invested in a lifetime income stream de-  
25                  scribed in clause (i)(III), the assumptions

1 prescribed under subclause (I) shall, to the  
2 extent appropriate, permit administrators  
3 of individual account plans to use the  
4 amounts payable under such lifetime in-  
5 come stream as a lifetime income stream  
6 equivalent.

7 “(iv) LIMITATION ON LIABILITY.—No  
8 plan fiduciary, plan sponsor, or other per-  
9 son shall have any liability under this title  
10 solely by reason of the provision of lifetime  
11 income stream equivalents which are de-  
12 rived in accordance with the assumptions  
13 and rules described in clause (iii) and  
14 which include the explanations contained in  
15 the model lifetime income disclosure de-  
16 scribed in clause (ii). This clause shall  
17 apply without regard to whether the provi-  
18 sion of such lifetime income stream equiva-  
19 lent is required by subparagraph (B)(iii).

20 “(v) EFFECTIVE DATE.—The require-  
21 ment in subparagraph (B)(iii) shall apply  
22 to pension benefit statements furnished  
23 more than 12 months after the latest of  
24 the issuance by the Secretary of—

1                   “(I) interim final rules under  
2                   clause (i);

3                   “(II) the model disclosure under  
4                   clause (ii); or

5                   “(III) the assumptions under  
6                   clause (iii).”.

7 **SEC. 204. FIDUCIARY SAFE HARBOR FOR SELECTION OF**  
8 **LIFETIME INCOME PROVIDER.**

9           Section 404 of the Employee Retirement Income Se-  
10   curity Act of 1974 (29 U.S.C. 1104) is amended by adding  
11   at the end the following:

12           “(e) SAFE HARBOR FOR ANNUITY SELECTION.—

13                   “(1) IN GENERAL.—With respect to the selec-  
14                   tion of an insurer for a guaranteed retirement in-  
15                   come contract, the requirements of subsection  
16                   (a)(1)(B) will be deemed to be satisfied if a fidu-  
17                   ciary—

18                           “(A) engages in an objective, thorough,  
19                           and analytical search for the purpose of identi-  
20                           fying insurers from which to purchase such con-  
21                           tracts;

22                           “(B) with respect to each insurer identified  
23                           under subparagraph (A)—

24                                   “(i) considers the financial capability  
25                                   of such insurer to satisfy its obligations

1 under the guaranteed retirement income  
2 contract; and

3 “(ii) considers the cost (including fees  
4 and commissions) of the guaranteed retire-  
5 ment income contract offered by the in-  
6 surer in relation to the benefits and prod-  
7 uct features of the contract and adminis-  
8 trative services to be provided under such  
9 contract; and

10 “(C) on the basis of such consideration,  
11 concludes that—

12 “(i) at the time of the selection, the  
13 insurer is financially capable of satisfying  
14 its obligations under the guaranteed retire-  
15 ment income contract; and

16 “(ii) the relative cost of the selected  
17 guaranteed retirement income contract as  
18 described in subparagraph (B)(ii) is rea-  
19 sonable.

20 “(2) FINANCIAL CAPABILITY OF THE IN-  
21 SURER.—A fiduciary will be deemed to satisfy the  
22 requirements of paragraphs (1)(B)(i) and (1)(C)(i)  
23 if—

24 “(A) the fiduciary obtains written rep-  
25 resentations from the insurer that—



1           “(i) the insurer is licensed to offer  
2 guaranteed retirement income contracts;

3           “(ii) the insurer, at the time of selec-  
4 tion and for each of the immediately pre-  
5 ceding 7 plan years—

6           “(I) operates under a certificate  
7 of authority from the insurance com-  
8 missioner of its domiciliary State  
9 which has not been revoked or sus-  
10 pended;

11           “(II) has filed audited financial  
12 statements in accordance with the  
13 laws of its domiciliary State under ap-  
14 plicable statutory accounting prin-  
15 ciples;

16           “(III) maintains (and has main-  
17 tained) reserves which satisfies all the  
18 statutory requirements of all States  
19 where the insurer does business; and

20           “(IV) is not operating under an  
21 order of supervision, rehabilitation, or  
22 liquidation;

23           “(iii) the insurer undergoes, at least  
24 every 5 years, a financial examination  
25 (within the meaning of the law of its domi-

1 ciliary State) by the insurance commis-  
2 sioner of the domiciliary State (or rep-  
3 resentative, designee, or other party ap-  
4 proved by such commissioner); and

5 “(iv) the insurer will notify the fidu-  
6 ciary of any change in circumstances oc-  
7 ccurring after the provision of the represen-  
8 tations in clauses (i), (ii), and (iii) which  
9 would preclude the insurer from making  
10 such representations at the time of  
11 issuance of the guaranteed retirement in-  
12 come contract; and

13 “(B) after receiving such representations  
14 and as of the time of selection, the fiduciary  
15 has not received any notice described in sub-  
16 paragraph (A)(iv) and is in possession of no  
17 other information which would cause the fidu-  
18 ciary to question the representations provided.

19 “(3) NO REQUIREMENT TO SELECT LOWEST  
20 COST.—Nothing in this subsection shall be construed  
21 to require a fiduciary to select the lowest cost con-  
22 tract. A fiduciary may consider the value of a con-  
23 tract, including features and benefits of the contract  
24 and attributes of the insurer (including, without lim-

1 itation, the insurer's financial strength) in conjunc-  
2 tion with the cost of the contract.

3 “(4) TIME OF SELECTION.—

4 “(A) IN GENERAL.—For purposes of this  
5 subsection, the time of selection is—

6 “(i) the time that the insurer and the  
7 contract are selected for distribution of  
8 benefits to a specific participant or bene-  
9 ficiary; or

10 “(ii) if the fiduciary periodically re-  
11 views the continuing appropriateness of the  
12 conclusion described in paragraph (1)(C)  
13 with respect to a selected insurer, taking  
14 into account the considerations described  
15 in such paragraph, the time that the in-  
16 surer and the contract are selected to pro-  
17 vide benefits at future dates to participants  
18 or beneficiaries under the plan.

19 Nothing in the preceding sentence shall be con-  
20 strued to require the fiduciary to review the ap-  
21 propriateness of a selection after the purchase  
22 of a contract for a participant or beneficiary.

23 “(B) PERIODIC REVIEW.—A fiduciary will  
24 be deemed to have conducted the periodic re-  
25 view described in subparagraph (A)(ii) if the fi-

1           duciary obtains the written representations de-  
2           scribed in clauses (i), (ii), and (iii) of paragraph  
3           (2)(A) from the insurer on an annual basis, un-  
4           less the fiduciary receives any notice described  
5           in paragraph (2)(A)(iv) or otherwise becomes  
6           aware of facts that would cause the fiduciary to  
7           question such representations.

8           “(5) LIMITED LIABILITY.—A fiduciary which  
9           satisfies the requirements of this subsection shall not  
10          be liable following the distribution of any benefit, or  
11          the investment by or on behalf of a participant or  
12          beneficiary pursuant to the selected guaranteed re-  
13          tirement income contract, for any losses that may  
14          result to the participant or beneficiary due to an in-  
15          surer’s inability to satisfy its financial obligations  
16          under the terms of such contract.

17          “(6) DEFINITIONS.—For purposes of this sub-  
18          section—

19                 “(A) INSURER.—The term ‘insurer’ means  
20                 an insurance company, insurance service, or in-  
21                 surance organization, including affiliates of  
22                 such companies.

23                 “(B) GUARANTEED RETIREMENT INCOME  
24                 CONTRACT.—The term ‘guaranteed retirement  
25                 income contract’ means an annuity contract for

1 a fixed term or a contract (or provision or fea-  
 2 ture thereof) which provides guaranteed bene-  
 3 fits annually (or more frequently) for at least  
 4 the remainder of the life of the participant or  
 5 the joint lives of the participant and the partici-  
 6 pant's designated beneficiary as part of an indi-  
 7 vidual account plan.”.

8 **SEC. 205. MODIFICATION OF NONDISCRIMINATION RULES**  
 9 **TO PROTECT OLDER, LONGER SERVICE PAR-**  
 10 **TICIPANTS.**

11 (a) IN GENERAL.—Section 401 of the Internal Rev-  
 12 enue Code of 1986 is amended—

13 (1) by redesignating subsection (o) as sub-  
 14 section (p); and

15 (2) by inserting after subsection (n) the fol-  
 16 lowing new subsection:

17 “(o) SPECIAL RULES FOR APPLYING NON-  
 18 DISCRIMINATION RULES TO PROTECT OLDER, LONGER  
 19 SERVICE AND GRANDFATHERED PARTICIPANTS.—

20 “(1) TESTING OF DEFINED BENEFIT PLANS  
 21 WITH CLOSED CLASSES OF PARTICIPANTS.—

22 “(A) BENEFITS, RIGHTS, OR FEATURES  
 23 PROVIDED TO CLOSED CLASSES.—A defined  
 24 benefit plan which provides benefits, rights, or  
 25 features to a closed class of participants shall

1 not fail to satisfy the requirements of sub-  
2 section (a)(4) by reason of the composition of  
3 such closed class or the benefits, rights, or fea-  
4 tures provided to such closed class, if—

5 “(i) for the plan year as of which the  
6 class closes and the 2 succeeding plan  
7 years, such benefits, rights, and features  
8 satisfy the requirements of subsection  
9 (a)(4) (without regard to this subpara-  
10 graph but taking into account the rules of  
11 subparagraph (I)),

12 “(ii) after the date as of which the  
13 class was closed, any plan amendment  
14 which modifies the closed class or the ben-  
15 efits, rights, and features provided to such  
16 closed class does not discriminate signifi-  
17 cantly in favor of highly compensated em-  
18 ployees, and

19 “(iii) the class was closed before April  
20 5, 2017, or the plan is described in sub-  
21 paragraph (C).

22 “(B) AGGREGATE TESTING WITH DEFINED  
23 CONTRIBUTION PLANS PERMITTED ON A BENE-  
24 FITS BASIS.—

1           “(i) IN GENERAL.—For purposes of  
2 determining compliance with subsection  
3 (a)(4) and section 410(b), a defined benefit  
4 plan described in clause (iii) may be aggre-  
5 gated and tested on a benefits basis with  
6 1 or more defined contribution plans, in-  
7 cluding with the portion of 1 or more de-  
8 fined contribution plans which—

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

12                   “(II) provides annuity contracts  
13 described in section 403(b) which are  
14 purchased with matching contribu-  
15 tions or nonelective contributions, or

16                   “(III) consists of an employee  
17 stock ownership plan (within the  
18 meaning of section 4975(e)(7)) or a  
19 tax credit employee stock ownership  
20 plan (within the meaning of section  
21 409(a)).

22           “(ii) SPECIAL RULES FOR MATCHING  
23 CONTRIBUTIONS.—For purposes of clause  
24 (i), if a defined benefit plan is aggregated

1 with a portion of a defined contribution  
2 plan providing matching contributions—

3 “(I) such defined benefit plan  
4 must also be aggregated with any por-  
5 tion of such defined contribution plan  
6 which provides elective deferrals de-  
7 scribed in subparagraph (A) or (C) of  
8 section 402(g)(3), and

9 “(II) such matching contribu-  
10 tions shall be treated in the same  
11 manner as nonelective contributions,  
12 including for purposes of applying the  
13 rules of subsection (l).

14 “(iii) PLANS DESCRIBED.—A defined  
15 benefit plan is described in this clause if—

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

18 “(II) for the plan year as of  
19 which the class closes and the 2 suc-  
20 ceeding plan years, the plan satisfies  
21 the requirements of section 410(b)  
22 and subsection (a)(4) (without regard  
23 to this subparagraph but taking into  
24 account the rules of subparagraph  
25 (I)),



1                   “(III) after the date as of which  
2                   the class was closed, any plan amend-  
3                   ment which modifies the closed class  
4                   or the benefits provided to such closed  
5                   class does not discriminate signifi-  
6                   cantly in favor of highly compensated  
7                   employees, and

8                   “(IV) the class was closed before  
9                   April 5, 2017, or the plan is described  
10                  in subparagraph (C).

11                  “(C) PLANS DESCRIBED.—A plan is de-  
12                  scribed in this subparagraph if, taking into ac-  
13                  count any predecessor plan—

14                   “(i) such plan has been in effect for  
15                   at least 5 years as of the date the class is  
16                   closed, and

17                   “(ii) during the 5-year period pre-  
18                   ceding the date the class is closed, there  
19                   has not been a substantial increase in the  
20                   coverage or value of the benefits, rights, or  
21                   features described in subparagraph (A) or  
22                   in the coverage or benefits under the plan  
23                   described in subparagraph (B)(iii) (which-  
24                   ever is applicable).

1           “(D) DETERMINATION OF SUBSTANTIAL  
2 INCREASE FOR BENEFITS, RIGHTS, AND FEA-  
3 TURES.—In applying subparagraph (C)(ii) for  
4 purposes of subparagraph (A)(iii), a plan shall  
5 be treated as having had a substantial increase  
6 in coverage or value of the benefits, rights, or  
7 features described in subparagraph (A) during  
8 the applicable 5-year period only if, during such  
9 period—

10           “(i) the number of participants cov-  
11 ered by such benefits, rights, or features  
12 on the date such period ends is more than  
13 50 percent greater than the number of  
14 such participants on the first day of the  
15 plan year in which such period began, or

16           “(ii) such benefits, rights, and fea-  
17 tures have been modified by 1 or more  
18 plan amendments in such a way that, as of  
19 the date the class is closed, the value of  
20 such benefits, rights, and features to the  
21 closed class as a whole is substantially  
22 greater than the value as of the first day  
23 of such 5-year period, solely as a result of  
24 such amendments.

1           “(E) DETERMINATION OF SUBSTANTIAL  
2 INCREASE FOR AGGREGATE TESTING ON BENE-  
3 FITS BASIS.—In applying subparagraph (C)(ii)  
4 for purposes of subparagraph (B)(iii)(IV), a  
5 plan shall be treated as having had a substan-  
6 tial increase in coverage or benefits during the  
7 applicable 5-year period only if, during such pe-  
8 riod—

9           “(i) the number of participants bene-  
10 fitting under the plan on the date such pe-  
11 riod ends is more than 50 percent greater  
12 than the number of such participants on  
13 the first day of the plan year in which such  
14 period began, or

15           “(ii) the average benefit provided to  
16 such participants on the date such period  
17 ends is more than 50 percent greater than  
18 the average benefit provided on the first  
19 day of the plan year in which such period  
20 began.

21           “(F) CERTAIN EMPLOYEES DIS-  
22 REGARDED.—For purposes of subparagraphs  
23 (D) and (E), any increase in coverage or value  
24 or in coverage or benefits, whichever is applica-  
25 ble, which is attributable to such coverage and

1 value or coverage and benefits provided to em-  
2 ployees—

3 “(i) who became participants as a re-  
4 sult of a merger, acquisition, or similar  
5 event which occurred during the 7-year pe-  
6 riod preceding the date the class is closed,  
7 or

8 “(ii) who became participants by rea-  
9 son of a merger of the plan with another  
10 plan which had been in effect for at least  
11 5 years as of the date of the merger,

12 shall be disregarded, except that clause (ii)  
13 shall apply for purposes of subparagraph (D)  
14 only if, under the merger, the benefits, rights,  
15 or features under 1 plan are conformed to the  
16 benefits, rights, or features of the other plan  
17 prospectively.

18 “(G) RULES RELATING TO AVERAGE BEN-  
19 EFIT.—For purposes of subparagraph (E)—

20 “(i) the average benefit provided to  
21 participants under the plan will be treated  
22 as having remained the same between the  
23 2 dates described in subparagraph (E)(ii)  
24 if the benefit formula applicable to such

1 participants has not changed between such  
2 dates, and

3 “(ii) if the benefit formula applicable  
4 to 1 or more participants under the plan  
5 has changed between such 2 dates, then  
6 the average benefit under the plan shall be  
7 considered to have increased by more than  
8 50 percent only if—

9 “(I) the total amount determined  
10 under section 430(b)(1)(A)(i) for all  
11 participants benefitting under the  
12 plan for the plan year in which the 5-  
13 year period described in subparagraph  
14 (E) ends, exceeds

15 “(II) the total amount deter-  
16 mined under section 430(b)(1)(A)(i)  
17 for all such participants for such plan  
18 year, by using the benefit formula in  
19 effect for each such participant for  
20 the first plan year in such 5-year pe-  
21 riod,

22 by more than 50 percent. In the case of a  
23 CSEC plan (as defined in section 414(y)),  
24 the normal cost of the plan (as determined  
25 under section 433(j)(1)(B)) shall be used

1           in lieu of the amount determined under  
2           section 430(b)(1)(A)(i).

3           “(H) TREATMENT AS SINGLE PLAN.—For  
4           purposes of subparagraphs (E) and (G), a plan  
5           described in section 413(c) shall be treated as  
6           a single plan rather than as separate plans  
7           maintained by each employer in the plan.

8           “(I) SPECIAL RULES.—For purposes of  
9           subparagraphs (A)(i) and (B)(iii)(II), the fol-  
10          lowing rules shall apply:

11           “(i) In applying section 410(b)(6)(C),  
12           the closing of the class of participants shall  
13           not be treated as a significant change in  
14           coverage under section 410(b)(6)(C)(i)(II).

15           “(ii) 2 or more plans shall not fail to  
16           be eligible to be aggregated and treated as  
17           a single plan solely by reason of having dif-  
18           ferent plan years.

19           “(iii) Changes in the employee popu-  
20           lation shall be disregarded to the extent at-  
21           tributable to individuals who become em-  
22           ployees or cease to be employees, after the  
23           date the class is closed, by reason of a  
24           merger, acquisition, divestiture, or similar  
25           event.

1                   “(iv) Aggregation and all other testing  
2                   methodologies otherwise applicable under  
3                   subsection (a)(4) and section 410(b) may  
4                   be taken into account.

5                   The rule of clause (ii) shall also apply for pur-  
6                   poses of determining whether plans to which  
7                   subparagraph (B)(i) applies may be aggregated  
8                   and treated as 1 plan for purposes of deter-  
9                   mining whether such plans meet the require-  
10                  ments of subsection (a)(4) and section 410(b).

11                  “(J) SPUN-OFF PLANS.—For purposes of  
12                  this paragraph, if a portion of a defined benefit  
13                  plan described in subparagraph (A) or (B)(iii)  
14                  is spun off to another employer and the spun-  
15                  off plan continues to satisfy the requirements  
16                  of—

17                         “(i)     subparagraph     (A)(i)     or  
18                         (B)(iii)(II), whichever is applicable, if the  
19                         original plan was still within the 3-year pe-  
20                         riod described in such subparagraph at the  
21                         time of the spin off, and

22                         “(ii)    subparagraph     (A)(ii)     or  
23                         (B)(iii)(III), whichever is applicable,

1 the treatment under subparagraph (A) or (B)  
2 of the spun-off plan shall continue with respect  
3 to such other employer.

4 “(2) TESTING OF DEFINED CONTRIBUTION  
5 PLANS.—

6 “(A) TESTING ON A BENEFITS BASIS.—A  
7 defined contribution plan shall be permitted to  
8 be tested on a benefits basis if—

9 “(i) such defined contribution plan  
10 provides make-whole contributions to a  
11 closed class of participants whose accruals  
12 under a defined benefit plan have been re-  
13 duced or eliminated,

14 “(ii) for the plan year of the defined  
15 contribution plan as of which the class eli-  
16 gible to receive such make-whole contribu-  
17 tions closes and the 2 succeeding plan  
18 years, such closed class of participants sat-  
19 isfies the requirements of section  
20 410(b)(2)(A)(i) (determined by applying  
21 the rules of paragraph (1)(I)),

22 “(iii) after the date as of which the  
23 class was closed, any plan amendment to  
24 the defined contribution plan which modi-  
25 fies the closed class or the allocations, ben-



1           efits, rights, and features provided to such  
2           closed class does not discriminate signifi-  
3           cantly in favor of highly compensated em-  
4           ployees, and

5           “(iv) the class was closed before April  
6           5, 2017, or the defined benefit plan under  
7           clause (i) is described in paragraph (1)(C)  
8           (as applied for purposes of paragraph  
9           (1)(B)(iii)(IV)).

10           “(B) AGGREGATION WITH PLANS INCLUD-  
11           ING MATCHING CONTRIBUTIONS.—

12           “(i) IN GENERAL.—With respect to 1  
13           or more defined contribution plans de-  
14           scribed in subparagraph (A), for purposes  
15           of determining compliance with subsection  
16           (a)(4) and section 410(b), the portion of  
17           such plans which provides make-whole con-  
18           tributions or other nonelective contribu-  
19           tions may be aggregated and tested on a  
20           benefits basis with the portion of 1 or  
21           more other defined contribution plans  
22           which—

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

1                   “(II) provides annuity contracts  
2                   described in section 403(b) which are  
3                   purchased with matching contribu-  
4                   tions or nonelective contributions, or

5                   “(III) consists of an employee  
6                   stock ownership plan (within the  
7                   meaning of section 4975(e)(7)) or a  
8                   tax credit employee stock ownership  
9                   plan (within the meaning of section  
10                  409(a)).

11                  “(ii) SPECIAL RULES FOR MATCHING  
12                  CONTRIBUTIONS.—Rules similar to the  
13                  rules of paragraph (1)(B)(ii) shall apply  
14                  for purposes of clause (i).

15                  “(C) SPECIAL RULES FOR TESTING DE-  
16                  FINED CONTRIBUTION PLAN FEATURES PRO-  
17                  VIDING MATCHING CONTRIBUTIONS TO CERTAIN  
18                  OLDER, LONGER SERVICE PARTICIPANTS.—In  
19                  the case of a defined contribution plan which  
20                  provides benefits, rights, or features to a closed  
21                  class of participants whose accruals under a de-  
22                  fined benefit plan have been reduced or elimi-  
23                  nated, the plan shall not fail to satisfy the re-  
24                  quirements of subsection (a)(4) solely by reason  
25                  of the composition of the closed class or the

1 benefits, rights, or features provided to such  
2 closed class if the defined contribution plan and  
3 defined benefit plan otherwise meet the require-  
4 ments of subparagraph (A) but for the fact that  
5 the make-whole contributions under the defined  
6 contribution plan are made in whole or in part  
7 through matching contributions.

8 “(D) SPUN-OFF PLANS.—For purposes of  
9 this paragraph, if a portion of a defined con-  
10 tribution plan described in subparagraph (A) or  
11 (C) is spun off to another employer, the treat-  
12 ment under subparagraph (A) or (C) of the  
13 spun-off plan shall continue with respect to the  
14 other employer if such plan continues to comply  
15 with the requirements of clauses (ii) (if the  
16 original plan was still within the 3-year period  
17 described in such clause at the time of the spin  
18 off) and (iii) of subparagraph (A), as deter-  
19 mined for purposes of subparagraph (A) or (C),  
20 whichever is applicable.

21 “(3) DEFINITIONS AND SPECIAL RULE.—For  
22 purposes of this subsection—

23 “(A) MAKE-WHOLE CONTRIBUTIONS.—Ex-  
24 cept as otherwise provided in paragraph (2)(C),  
25 the term ‘make-whole contributions’ means non-

1 elective allocations for each employee in the  
2 class which are reasonably calculated, in a con-  
3 sistent manner, to replace some or all of the re-  
4 tirement benefits which the employee would  
5 have received under the defined benefit plan  
6 and any other plan or qualified cash or deferred  
7 arrangement under subsection (k)(2) if no  
8 change had been made to such defined benefit  
9 plan and such other plan or arrangement. For  
10 purposes of the preceding sentence, consistency  
11 shall not be required with respect to employees  
12 who were subject to different benefit formulas  
13 under the defined benefit plan.

14 “(B) REFERENCES TO CLOSED CLASS OF  
15 PARTICIPANTS.—References to a closed class of  
16 participants and similar references to a closed  
17 class shall include arrangements under which 1  
18 or more classes of participants are closed, ex-  
19 cept that 1 or more classes of participants  
20 closed on different dates shall not be aggre-  
21 gated for purposes of determining the date any  
22 such class was closed.

23 “(C) HIGHLY COMPENSATED EMPLOYEE.—  
24 The term ‘highly compensated employee’ has

1 the meaning given such term in section  
2 414(q).”.

3 (b) PARTICIPATION REQUIREMENTS.—Paragraph  
4 (26) of section 401(a) of the Internal Revenue Code of  
5 1986 is amended by adding at the end the following new  
6 subparagraph:

7 “(I) PROTECTED PARTICIPANTS.—

8 “(i) IN GENERAL.—A plan shall be  
9 deemed to satisfy the requirements of sub-  
10 paragraph (A) if—

11 “(I) the plan is amended—

12 “(aa) to cease all benefit ac-  
13 cruals, or

14 “(bb) to provide future ben-  
15 efit accruals only to a closed  
16 class of participants,

17 “(II) the plan satisfies subpara-  
18 graph (A) (without regard to this sub-  
19 paragraph) as of the effective date of  
20 the amendment, and

21 “(III) the amendment was adopt-  
22 ed before April 5, 2017, or the plan is  
23 described in clause (ii).

24 “(ii) PLANS DESCRIBED.—A plan is  
25 described in this clause if the plan would

1 be described in subsection (o)(1)(C), as ap-  
2 plied for purposes of subsection  
3 (o)(1)(B)(iii)(IV) and by treating the effec-  
4 tive date of the amendment as the date the  
5 class was closed for purposes of subsection  
6 (o)(1)(C).

7 “(iii) SPECIAL RULES.—For purposes  
8 of clause (i)(II), in applying section  
9 410(b)(6)(C), the amendments described in  
10 clause (i) shall not be treated as a signifi-  
11 cant change in coverage under section  
12 410(b)(6)(C)(i)(II).

13 “(iv) SPUN-OFF PLANS.—For pur-  
14 poses of this subparagraph, if a portion of  
15 a plan described in clause (i) is spun off to  
16 another employer, the treatment under  
17 clause (i) of the spun-off plan shall con-  
18 tinue with respect to the other employer.”.

19 (c) EFFECTIVE DATE.—

20 (1) IN GENERAL.—Except as provided in para-  
21 graph (2), the amendments made by this section  
22 shall take effect on the date of the enactment of this  
23 Act, without regard to whether any plan modifica-  
24 tions referred to in such amendments are adopted or  
25 effective before, on, or after such date of enactment.

1 (2) SPECIAL RULES.—

2 (A) ELECTION OF EARLIER APPLICA-  
3 TION.—At the election of the plan sponsor, the  
4 amendments made by this section shall apply to  
5 plan years beginning after December 31, 2013.

6 (B) CLOSED CLASSES OF PARTICIPANTS.—  
7 For purposes of paragraphs (1)(A)(iii),  
8 (1)(B)(iii)(IV), and (2)(A)(iv) of section 401(o)  
9 of the Internal Revenue Code of 1986 (as added  
10 by this section), a closed class of participants  
11 shall be treated as being closed before April 5,  
12 2017, if the plan sponsor's intention to create  
13 such closed class is reflected in formal written  
14 documents and communicated to participants  
15 before such date.

16 (C) CERTAIN POST-ENACTMENT PLAN  
17 AMENDMENTS.—A plan shall not be treated as  
18 failing to be eligible for the application of sec-  
19 tion 401(o)(1)(A), 401(o)(1)(B)(iii), or  
20 401(a)(26) of such Code (as added by this sec-  
21 tion) to such plan solely because in the case  
22 of—

23 (i) such section 401(o)(1)(A), the plan  
24 was amended before the date of the enact-  
25 ment of this Act to eliminate 1 or more

1 benefits, rights, or features, and is further  
2 amended after such date of enactment to  
3 provide such previously eliminated benefits,  
4 rights, or features to a closed class of par-  
5 ticipants, or

6 (ii) such section 401(o)(1)(B)(iii) or  
7 section 401(a)(26), the plan was amended  
8 before the date of the enactment of this  
9 Act to cease all benefit accruals, and is  
10 further amended after such date of enact-  
11 ment to provide benefit accruals to a closed  
12 class of participants.

13 Any such section shall only apply if the plan  
14 otherwise meets the requirements of such sec-  
15 tion and in applying such section, the date the  
16 class of participants is closed shall be the effec-  
17 tive date of the later amendment.

18 **SEC. 206. MODIFICATION OF PBGC PREMIUMS FOR CSEC**  
19 **PLANS.**

20 (a) **FLAT RATE PREMIUM.**—Subparagraph (A) of  
21 section 4006(a)(3) of the Employee Retirement Income  
22 Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amend-  
23 ed—



1 (1) in clause (i), by striking “plan,” and insert-  
2 ing “plan other than a CSEC plan (as defined in  
3 section 210(f)(1))”;

4 (2) in clause (v), by striking “or” at the end;

5 (3) in clause (vi), by striking the period at the  
6 end and inserting “, or”; and

7 (4) by adding at the end the following new  
8 clause:

9 “(vii) in the case of a CSEC plan (as  
10 defined in section 210(f)(1)), for plan  
11 years beginning after December 31, 2018,  
12 for each individual who is a participant in  
13 such plan during the plan year an amount  
14 equal to the sum of—

15 “(I) the additional premium (if  
16 any) determined under subparagraph  
17 (E), and

18 “(II) \$19.”.

19 (b) VARIABLE RATE PREMIUM.—

20 (1) UNFUNDED VESTED BENEFITS.—

21 (A) IN GENERAL.—Subparagraph (E) of  
22 section 4006(a)(3) of the Employee Retirement  
23 Income Security Act of 1974 (29 U.S.C.  
24 1306(a)(3)) is amended by adding at the end  
25 the following new clause:

1           “(v) For purposes of clause (ii), in the case  
2 of a CSEC plan (as defined in section  
3 210(f)(1)), the term ‘unfunded vested benefits’  
4 means, for plan years beginning after December  
5 31, 2018, the excess (if any) of—

6           “(I) the funding liability of the plan  
7 as determined under section 306(j)(5)(C)  
8 for the plan year by only taking into ac-  
9 count vested benefits, over

10           “(II) the fair market value of plan as-  
11 sets for the plan year which are held by  
12 the plan on the valuation date.”.

13           (B) CONFORMING AMENDMENT.—Clause  
14 (iii) of section 4006(a)(3)(E) of such Act (29  
15 U.S.C. 1306(a)(3)(E)) is amended by striking  
16 “For purposes” and inserting “Except as pro-  
17 vided in clause (v), for purposes”.

18           (2) APPLICABLE DOLLAR AMOUNT.—

19           (A) IN GENERAL.—Paragraph (8) of sec-  
20 tion 4006(a) of such Act (29 U.S.C. 1306(a))  
21 is amended by adding at the end the following  
22 new subparagraph:

23           “(E) CSEC PLANS.—In the case of a  
24 CSEC plan (as defined in section 210(f)(1)),  
25 the applicable dollar amount shall be \$9.”.

1 (B) CONFORMING AMENDMENT.—Subpara-  
 2 graph (A) of section 4006(a)(8) of such Act (29  
 3 U.S.C. 1306(a)(8)) is amended by striking “(B)  
 4 and (C)” and inserting “(B), (C), and (E)”.

### 5 **TITLE III—OTHER BENEFITS**

#### 6 **SEC. 301. BENEFITS PROVIDED TO VOLUNTEER FIRE-** 7 **FIGHTERS AND EMERGENCY MEDICAL RE-** 8 **SPONDERS.**

9 (a) INCREASE IN DOLLAR LIMITATION ON QUALI-  
 10 FIED PAYMENTS.—Subparagraph (B) of section  
 11 139B(c)(2) of the Internal Revenue Code of 1986 is  
 12 amended by striking “\$30” and inserting “\$50”.

13 (b) EXTENSION.—Section 139B(d) of the Internal  
 14 Revenue Code of 1986 is amended by striking “beginning  
 15 after December 31, 2010.” and inserting “beginning—

16 “(1) after December 31, 2010, and before Jan-  
 17 uary 1, 2020, or

18 “(2) after December 31, 2020.”.

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

#### 22 **SEC. 302. EXPANSION OF SECTION 529 PLANS.**

23 (a) DISTRIBUTIONS FOR CERTAIN EXPENSES ASSO-  
 24 CIATED WITH REGISTERED APPRENTICESHIP PRO-  
 25 GRAMS.—Section 529(c) of the Internal Revenue Code of

1 1986 is amended by adding at the end the following new  
2 paragraph:

3           “(8) TREATMENT OF CERTAIN EXPENSES ASSO-  
4           CIATED WITH REGISTERED APPRENTICESHIP PRO-  
5           GRAMS.—Any reference in this subsection to the  
6           term ‘qualified higher education expense’ shall in-  
7           clude a reference to expenses for fees, books, sup-  
8           plies, and equipment required for the participation  
9           of a designated beneficiary in an apprenticeship pro-  
10          gram registered and certified with the Secretary of  
11          Labor under section 1 of the National Appren-  
12          ticeship Act (29 U.S.C. 50).”.

13          (b) DISTRIBUTIONS FOR QUALIFIED EDUCATION  
14          LOAN REPAYMENTS.—

15                 (1) IN GENERAL.—Section 529(c) of such Code,  
16                 as amended by subsection (a), is amended by adding  
17                 at the end the following new paragraph:

18                 “(9) TREATMENT OF QUALIFIED EDUCATION  
19                 LOAN REPAYMENTS.—

20                         “(A) IN GENERAL.—Any reference in this  
21                         subsection to the term ‘qualified higher edu-  
22                         cation expense’ shall include a reference to  
23                         amounts paid as principal or interest on any  
24                         qualified education loan (as defined in section

1           221(d)) of the designated beneficiary or a sib-  
2           ling of the designated beneficiary.

3           “(B) LIMITATION.—The amount of dis-  
4           tributions treated as a qualified higher edu-  
5           cation expense under this paragraph with re-  
6           spect to the loans of any individual shall not ex-  
7           ceed \$10,000 (reduced by the amount of dis-  
8           tributions so treated for all prior taxable years).

9           “(C) SPECIAL RULES FOR SIBLINGS OF  
10          THE DESIGNATED BENEFICIARY.—

11          “(i) SEPARATE ACCOUNTING.—For  
12          purposes of subparagraph (B) and sub-  
13          section (d), amounts treated as a qualified  
14          higher education expense with respect to  
15          the loans of a sibling of the designated  
16          beneficiary shall be taken into account  
17          with respect to such sibling and not with  
18          respect to such designated beneficiary.

19          “(ii) SIBLING DEFINED.—For pur-  
20          poses of this paragraph, the term ‘sibling’  
21          means an individual who bears a relation-  
22          ship to the designated beneficiary which is  
23          described in section 152(d)(2)(B).”.

24          (2) COORDINATION WITH DEDUCTION FOR STU-  
25          DENT LOAN INTEREST.—Section 221(e)(1) of such

1 Code is amended by adding at the end the following:  
 2 “The deduction otherwise allowable under subsection  
 3 (a) (prior to the application of subsection (b)) to the  
 4 taxpayer for any taxable year shall be reduced (but  
 5 not below zero) by so much of the distributions  
 6 treated as a qualified higher education expense  
 7 under section 529(c)(9) with respect to loans of the  
 8 taxpayer as would be includible in gross income  
 9 under section 529(c)(3)(A) for such taxable year but  
 10 for such treatment.”.

11 (c) EFFECTIVE DATE.—The amendments made by  
 12 this section shall apply to distributions made after Decem-  
 13 ber 31, 2018.

## 14 **TITLE IV—REVENUE** 15 **PROVISIONS**

### 16 **SEC. 401. MODIFICATION OF REQUIRED DISTRIBUTION** 17 **RULES FOR DESIGNATED BENEFICIARIES.**

18 (a) MODIFICATION OF RULES WHERE EMPLOYEE  
 19 DIES BEFORE ENTIRE DISTRIBUTION.—

20 (1) IN GENERAL.—Section 401(a)(9) of the In-  
 21 ternal Revenue Code of 1986 is amended by adding  
 22 at the end the following new subparagraph:

23 “(H) SPECIAL RULES FOR CERTAIN DE-  
 24 FINED CONTRIBUTION PLANS.—In the case of a  
 25 defined contribution plan, if an employee dies

1 before the distribution of the employee's entire  
2 interest—

3 “(i) IN GENERAL.—Except in the case  
4 of a beneficiary who is not a designated  
5 beneficiary, subparagraph (B)(ii)—

6 “(I) shall be applied by sub-  
7 stituting ‘10 years’ for ‘5 years’, and

8 “(II) shall apply whether or not  
9 distributions of the employee's inter-  
10 ests have begun in accordance with  
11 subparagraph (A).

12 “(ii) EXCEPTION ONLY FOR ELIGIBLE  
13 DESIGNATED BENEFICIARIES.—Subpara-  
14 graph (B)(iii) shall apply only in the case  
15 of an eligible designated beneficiary.

16 “(iii) RULES UPON DEATH OF ELIGI-  
17 BLE DESIGNATED BENEFICIARY.—If an el-  
18 ible designated beneficiary dies before the  
19 portion of the employee's interest to which  
20 this subparagraph applies is entirely dis-  
21 tributed, the exception under clause (iii)  
22 shall not apply to any beneficiary of such  
23 eligible designated beneficiary and the re-  
24 mainder of such portion shall be distrib-

1           uted within 10 years after the death of  
2           such eligible designated beneficiary.

3           “(iv) APPLICATION TO CERTAIN ELI-  
4           GIBLE RETIREMENT PLANS.—For purposes  
5           of applying the provisions of this subpara-  
6           graph in determining amounts required to  
7           be distributed pursuant to this paragraph,  
8           all eligible retirement plans (as defined in  
9           section 402(c)(8)(B), other than a defined  
10          benefit plan described in clause (iv) or (v)  
11          thereof or a qualified trust which is a part  
12          of a defined benefit plan) shall be treated  
13          as a defined contribution plan.”.

14           (2) DEFINITION OF ELIGIBLE DESIGNATED  
15          BENEFICIARY.—Section 401(a)(9)(E) of such Code  
16          is amended to read as follows:

17           “(E) DEFINITIONS AND RULES RELATING  
18          TO DESIGNATED BENEFICIARY.—For purposes  
19          of this paragraph—

20           “(i) DESIGNATED BENEFICIARY.—The  
21          term ‘designated beneficiary’ means any  
22          individual designated as a beneficiary by  
23          the employee.

24           “(ii) ELIGIBLE DESIGNATED BENE-  
25          FICIARY.—The term ‘eligible designated



1 beneficiary' means, with respect to any em-  
2 ployee, any designated beneficiary who is—

3 “(I) the surviving spouse of the  
4 employee,

5 “(II) subject to clause (iii), a  
6 child of the employee who has not  
7 reached majority (within the meaning  
8 of subparagraph (F)),

9 “(III) disabled (within the mean-  
10 ing of section 72(m)(7)),

11 “(IV) a chronically ill individual  
12 (within the meaning of section  
13 7702B(c)(2), except that the require-  
14 ments of subparagraph (A)(i) thereof  
15 shall only be treated as met if there is  
16 a certification that, as of such date,  
17 the period of inability described in  
18 such subparagraph with respect to the  
19 individual is an indefinite one which is  
20 reasonably expected to be lengthy in  
21 nature), or

22 “(V) an individual not described  
23 in any of the preceding subclauses  
24 who is not more than 10 years young-  
25 er than the employee.

1           “(iii) SPECIAL RULE FOR CHIL-  
2           DREN.—Subject to subparagraph (F), an  
3           individual described in clause (ii)(II) shall  
4           cease to be an eligible designated bene-  
5           ficiary as of the date the individual reaches  
6           majority and any remainder of the portion  
7           of the individual’s interest to which sub-  
8           paragraph (H)(ii) applies shall be distrib-  
9           uted within 10 years after such date.

10           “(iv) TIME FOR DETERMINATION OF  
11           ELIGIBLE DESIGNATED BENEFICIARY.—  
12           The determination of whether a designated  
13           beneficiary is an eligible designated bene-  
14           ficiary shall be made as of the date of  
15           death of the employee.”.

16           (3) EFFECTIVE DATES.—

17           (A) IN GENERAL.—Except as provided in  
18           this paragraph and paragraphs (4) and (5), the  
19           amendments made by this subsection shall  
20           apply to distributions with respect to employees  
21           who die after December 31, 2019.

22           (B) COLLECTIVE BARGAINING EXCEP-  
23           TION.—In the case of a plan maintained pursu-  
24           ant to 1 or more collective bargaining agree-  
25           ments between employee representatives and 1

1 or more employers ratified before the date of  
2 enactment of this Act, the amendments made  
3 by this subsection shall apply to distributions  
4 with respect to employees who die in calendar  
5 years beginning after the earlier of—

6 (i) the later of—

7 (I) the date on which the last of  
8 such collective bargaining agreements  
9 terminates (determined without re-  
10 gard to any extension thereof agreed  
11 to on or after the date of the enact-  
12 ment of this Act), or

13 (II) December 31, 2019, or

14 (ii) December 31, 2021.

15 For purposes of clause (i)(I), any plan amend-  
16 ment made pursuant to a collective bargaining  
17 agreement relating to the plan which amends  
18 the plan solely to conform to any requirement  
19 added by this section shall not be treated as a  
20 termination of such collective bargaining agree-  
21 ment.

22 (C) GOVERNMENTAL PLANS.—In the case  
23 of a governmental plan (as defined in section  
24 414(d) of the Internal Revenue Code of 1986),  
25 subparagraph (A) shall be applied by sub-

1           stituting “December 31, 2021” for “December  
2           31, 2019”.

3           (4) EXCEPTION FOR CERTAIN EXISTING ANNU-  
4           ITY CONTRACTS.—

5                   (A) IN GENERAL.—The amendments made  
6           by this subsection shall not apply to a qualified  
7           annuity which is a binding annuity contract in  
8           effect on the date of enactment of this Act and  
9           at all times thereafter.

10                   (B) QUALIFIED ANNUITY.—For purposes  
11           of this paragraph, the term “qualified annuity”  
12           means, with respect to an employee, an annu-  
13           ity—

14                           (i) which is a commercial annuity (as  
15                           defined in section 3405(e)(6) of the Inter-  
16                           nal Revenue Code of 1986);

17                           (ii) under which the annuity payments  
18                           are made over the life of the employee or  
19                           over the joint lives of such employee and a  
20                           designated beneficiary (or over a period  
21                           not extending beyond the life expectancy of  
22                           such employee or the joint life expectancy  
23                           of such employee and a designated bene-  
24                           ficiary) in accordance with the regulations  
25                           described in section 401(a)(9)(A)(ii) of

1 such Code (as in effect before such amend-  
2 ments) and which meets the other require-  
3 ments of section 401(a)(9) of such Code  
4 (as so in effect) with respect to such pay-  
5 ments; and

6 (iii) with respect to which—

7 (I) annuity payments to the em-  
8 ployee have begun before the date of  
9 enactment of this Act, and the em-  
10 ployee has made an irrevocable elec-  
11 tion before such date as to the method  
12 and amount of the annuity payments  
13 to the employee or any designated  
14 beneficiaries; or

15 (II) if subclause (I) does not  
16 apply, the employee has made an ir-  
17 revocable election before the date of  
18 enactment of this Act as to the meth-  
19 od and amount of the annuity pay-  
20 ments to the employee or any des-  
21 ignated beneficiaries.

22 (5) EXCEPTION FOR CERTAIN BENE-  
23 FICIARIES.—

24 (A) IN GENERAL.—If an employee dies be-  
25 fore the effective date, then, in applying the

1 amendments made by this subsection to such  
2 employee's designated beneficiary who dies after  
3 such date—

4 (i) such amendments shall apply to  
5 any beneficiary of such designated bene-  
6 ficiary; and

7 (ii) the designated beneficiary shall be  
8 treated as an eligible designated bene-  
9 ficiary for purposes of applying section  
10 401(a)(9)(H)(ii) of the Internal Revenue  
11 Code of 1986 (as in effect after such  
12 amendments).

13 (B) EFFECTIVE DATE.—For purposes of  
14 this paragraph, the term “effective date” means  
15 the first day of the first calendar year to which  
16 the amendments made by this subsection apply  
17 to a plan with respect to employees dying on or  
18 after such date.

19 (b) PROVISIONS RELATING TO PLAN AMEND-  
20 MENTS.—

21 (1) IN GENERAL.—If this subsection applies to  
22 any plan amendment—

23 (A) such plan shall be treated as being op-  
24 erated in accordance with the terms of the plan

1 during the period described in paragraph  
2 (2)(B)(i); and

3 (B) except as provided by the Secretary of  
4 the Treasury, such plan shall not fail to meet  
5 the requirements of section 411(d)(6) of the In-  
6 ternal Revenue Code of 1986 and section  
7 204(g) of the Employee Retirement Income Se-  
8 curity Act of 1974 by reason of such amend-  
9 ment.

10 (2) AMENDMENTS TO WHICH SUBSECTION AP-  
11 PLIES.—

12 (A) IN GENERAL.—This subsection shall  
13 apply to any amendment to any plan or which  
14 is made—

15 (i) pursuant to any amendment made  
16 by this section or pursuant to any regula-  
17 tion issued by the Secretary of the Treas-  
18 ury under this section or such amend-  
19 ments; and

20 (ii) on or before the last day of the  
21 first plan year beginning after December  
22 31, 2021, or such later date as the Sec-  
23 retary of the Treasury may prescribe.

24 In the case of a governmental or collectively  
25 bargained plan to which subparagraph (B) or

1 (C) of subsection (a)(4) applies, clause (ii) shall  
2 be applied by substituting the date which is 2  
3 years after the date otherwise applied under  
4 such clause.

5 (B) CONDITIONS.—This subsection shall  
6 not apply to any amendment unless—

7 (i) during the period—

8 (I) beginning on the date the leg-  
9 islative or regulatory amendment de-  
10 scribed in paragraph (1)(A) takes ef-  
11 fect (or in the case of a plan amend-  
12 ment not required by such legislative  
13 or regulatory amendment, the effec-  
14 tive date specified by the plan); and

15 (II) ending on the date described  
16 in subparagraph (A)(ii) (or, if earlier,  
17 the date the plan amendment is  
18 adopted),

19 the plan is operated as if such plan amend-  
20 ment were in effect; and

21 (ii) such plan amendment applies  
22 retroactively for such period.



1 **SEC. 402. INCREASE IN PENALTY FOR FAILURE TO FILE.**

2 (a) IN GENERAL.—The second sentence of subsection  
3 (a) of section 6651 of the Internal Revenue Code of 1986  
4 is amended by striking “\$205” and inserting “\$400”.

5 (b) INFLATION ADJUSTMENT.—Section 6651(j)(1) of  
6 such Code is amended by striking “\$205” and inserting  
7 “\$400”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to returns the due date for which  
10 (including extensions) is after December 31, 2019.

11 **SEC. 403. INCREASED PENALTIES FOR FAILURE TO FILE**  
12 **RETIREMENT PLAN RETURNS.**

13 (a) IN GENERAL.—Subsection (e) of section 6652 of  
14 the Internal Revenue Code of 1986 is amended—

15 (1) by striking “\$25” and inserting “\$250”;  
16 and

17 (2) by striking “\$15,000” and inserting  
18 “\$150,000”.

19 (b) ANNUAL REGISTRATION STATEMENT AND NOTI-  
20 FICATION OF CHANGES.—Subsection (d) of section 6652  
21 of the Internal Revenue Code of 1986 is amended—

22 (1) by striking “\$1” both places it appears in  
23 paragraphs (1) and (2) and inserting “\$10”;

24 (2) by striking “\$5,000” in paragraph (1) and  
25 inserting “\$50,000”; and

1           (3) by striking “\$1,000” in paragraph (2) and  
2           inserting “\$10,000”.

3           (c) FAILURE TO PROVIDE NOTICE.—Subsection (h)  
4 of section 6652 of the Internal Revenue Code of 1986 is  
5 amended—

6           (1) by striking “\$10” and inserting “\$100”;  
7           and

8           (2) by striking “\$5,000” and inserting  
9           “\$50,000”.

10          (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to returns, statements, and notifi-  
12 cations required to be filed, and notices required to be pro-  
13 vided, after December 31, 2019.

14 **SEC. 404. INCREASE INFORMATION SHARING TO ADMIN-**  
15 **ISTER EXCISE TAXES.**

16          (a) IN GENERAL.—Section 6103(o) of the Internal  
17 Revenue Code of 1986 is amended by adding at the end  
18 the following new paragraph:

19           “(3) TAXES IMPOSED BY SECTION 4481.—Re-  
20           turns and return information with respect to taxes  
21           imposed by section 4481 shall be open to inspection  
22           by or disclosure to officers and employees of United  
23           States Customs and Border Protection of the De-  
24           partment of Homeland Security whose official duties

1 require such inspection or disclosure for purposes of  
2 administering such section.”.

3 (b) CONFORMING AMENDMENTS.—Paragraph (4) of  
4 section 6103(p) of the Internal Revenue Code of 1986 is  
5 amended by striking “or (o)(1)(A)” each place it appears  
6 and inserting “, (o)(1)(A), or (o)(3)”.

## 7 **TITLE V—TAX RELIEF FOR** 8 **CERTAIN CHILDREN**

### 9 **SEC. 501. MODIFICATION OF RULES RELATING TO THE TAX-** 10 **ATION OF UNEARNED INCOME OF CERTAIN** 11 **CHILDREN.**

12 (a) IN GENERAL.—Section 1(j) of the Internal Rev-  
13 enue Code of 1986 is amended by striking paragraph (4).

14 (b) COORDINATION WITH ALTERNATIVE MINIMUM  
15 TAX.—Section 55(d)(4)(A) of the Internal Revenue Code  
16 of 1986 is amended by striking “and” at the end of clause  
17 (i)(II), by striking the period at the end of clause (ii)(III)  
18 and inserting “, and”, and by adding at the end the fol-  
19 lowing new clause:

20 “(iii) subsection (j) of section 59 shall  
21 not apply.”.

22 (c) EFFECTIVE DATE.—

23 (1) IN GENERAL.—Except as otherwise pro-  
24 vided in this subsection, the amendment made by

1 subsection (a) shall apply to taxable years beginning  
2 after December 31, 2018.

3 (2) COORDINATION WITH ALTERNATIVE MIN-  
4 IMUM TAX.—The amendment made by subsection  
5 (b) shall apply to taxable years beginning after De-  
6 cember 31, 2017.

7 (3) ELECTIVE RETROACTIVE APPLICATION.—In  
8 the case of a taxpayer who elects the application of  
9 this paragraph (at such time and in such manner as  
10 the Secretary of the Treasury (or the Secretary's  
11 designee) may provide), the amendment made by  
12 subsection (a) shall apply to taxable years beginning  
13 after December 31, 2017.

Passed the House of Representatives May 23, 2019.

Attest:

*Clerk.*



116<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

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**H. R. 1994**

**AN ACT**

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