

Calendar No. \_\_\_\_\_

117TH CONGRESS  
2D SESSION

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

[Report No. 11-\_\_\_\_\_] ]

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

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IN THE SENATE OF THE UNITED STATES

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Mr. WYDEN, from the Committee on \_\_\_\_\_, reported the  
following original bill; which was read twice and placed on the calendar

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## A BILL

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

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

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

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Enhancing American Retirement Now Act” or the  
6 “EARN Act”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-  
8 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment  
 2 to, or repeal of, a section or other provision, the reference  
 3 shall be considered to be made to a section or other provi-  
 4 sion of the Internal Revenue Code of 1986.

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

Sec. 1. Short title, etc.

#### TITLE I—INDIVIDUAL RETIREMENT

- Sec. 101. Secure deferral arrangements.
- Sec. 102. Matching payments for elective deferral and IRA contributions by certain individuals.
- Sec. 103. Modification of participation requirements for long-term, part-time workers.
- Sec. 104. Treatment of student loan payments as elective deferrals for purposes of matching contributions.
- Sec. 105. Withdrawals for certain emergency expenses.
- Sec. 106. Allow additional nonelective contributions to simple plans.
- Sec. 107. Small immediate financial incentives for contributing to a plan.
- Sec. 108. Indexing IRA catch-up limit.
- Sec. 109. Higher catch-up limit to apply at age 60, 61, 62, and 63.
- Sec. 110. Eliminate the “first day of the month” requirement for governmental section 457(b) plans.
- Sec. 111. Tax treatment of certain nontrade or business SEP contributions.
- Sec. 112. Elimination of additional tax on corrective distributions of excess contributions.
- Sec. 113. Employer may rely on employee certifying that deemed hardship distribution conditions are met.
- Sec. 114. Penalty-free withdrawals from retirement plans for individuals in case of domestic abuse.
- Sec. 115. Amendments to increase benefit accruals under plan for previous plan year allowed until employer tax return due date.
- Sec. 116. Retroactive first year elective deferrals for sole proprietors.
- Sec. 117. Treasury guidance on rollovers.
- Sec. 118. Exemption for automatic portability transactions.
- Sec. 119. Application of section 415 limit for certain employees of rural electric cooperatives.
- Sec. 120. Insurance-dedicated exchange-traded funds.
- Sec. 121. Modification of age requirement for qualified ABLE programs.
- Sec. 122. Assist savers in recovering unclaimed savings bonds.

#### TITLE II—RETIREEES

- Sec. 201. Increase in age for required beginning date for mandatory distributions.
- Sec. 202. Qualifying longevity annuity contracts.
- Sec. 203. Remove required minimum distribution barriers for life annuities.
- Sec. 204. Eliminating a penalty on partial annuitization.

## 3

- Sec. 205. Reduction in excise tax on certain accumulations in qualified retirement plans.
- Sec. 206. Clarification of substantially equal periodic payment rule.
- Sec. 207. Recovery of retirement plan overpayments.
- Sec. 208. Retirement Savings Lost and Found.
- Sec. 209. Roth plan distribution rules.
- Sec. 210. One-time election for qualified charitable distribution to split-interest entity; increase in qualified charitable distribution limitation.
- Sec. 211. Exception to penalty on early distributions from qualified plans for individuals with a terminal illness.
- Sec. 212. Surviving spouse election to be treated as employee.
- Sec. 213. Long-term care contracts purchased with retirement plan distributions.

## TITLE III—PUBLIC SAFETY OFFICERS AND MILITARY

- Sec. 301. Military spouse retirement plan eligibility credit for small employers.
- Sec. 302. Distributions to firefighters.
- Sec. 303. Exclusion of certain disability-related first responder retirement payments.
- Sec. 304. Repeal of direct payment requirement on exclusion from gross income of distributions from governmental plans for health and long-term care insurance.
- Sec. 305. Modification of eligible age for exemption from early withdrawal penalty.
- Sec. 306. Exemption from early withdrawal penalty for certain State and local government corrections employees.

## TITLE IV—NONPROFITS AND EDUCATORS

- Sec. 401. Enhancement of 403(b) plans.
- Sec. 402. Hardship withdrawal rules for 403(b) plans.
- Sec. 403. Multiple employer 403(b) plans.

## TITLE V—DISASTER RELIEF

- Sec. 501. Special rules for use of retirement funds in connection with qualified federally declared disasters.

## TITLE VI—EMPLOYER PLANS

- Sec. 601. Credit for employers with respect to modified safe harbor requirements.
- Sec. 602. Application of top heavy rules to defined contribution plans covering excludable employees.
- Sec. 603. Increase in credit limitation for small employer pension plan startup costs of certain employers.
- Sec. 604. Expansion of Employee Plans Compliance Resolution System.
- Sec. 605. Application of credit for small employer pension plan startup costs to employers which join an existing plan.
- Sec. 606. Safe harbor for corrections of employee elective deferral failures.
- Sec. 607. Reform of family attribution rule.
- Sec. 608. Contribution limit for simple IRAs.
- Sec. 609. Employers allowed to replace simple retirement accounts with safe harbor 401(k) plans during a year.
- Sec. 610. Starter 401(k) plans for employers with no retirement plan.

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- Sec. 611. Credit for small employers that adapt an automatic portability arrangement.
- Sec. 612. Re-enrollment credit.
- Sec. 613. Corrections of mortality tables.
- Sec. 614. Enhancing retiree health benefits in pension plans.
- Sec. 615. Deferral of tax for certain sales of employer stock to employee stock ownership plan sponsored by S corporation.

## TITLE VII—NOTICES

- Sec. 701. Review and report to Congress relating to reporting and disclosure requirements.
- Sec. 702. Report to Congress on section 402(f) notices.
- Sec. 703. Eliminating unnecessary plan requirements related to unenrolled participants.

## TITLE VIII—TECHNICAL MODIFICATIONS

- Sec. 801. Repayment of qualified birth or adoption distribution limited to 3 years.
- Sec. 802. Amendments relating to Setting Every Community Up for Retirement Enhancement Act of 2019.
- Sec. 803. Modification of required minimum distribution rules for special needs trusts.

## TITLE IX—PLAN AMENDMENTS

- Sec. 901. Provisions relating to plan amendments.

## TITLE X—TAX COURT RETIREMENT PROVISIONS

- Sec. 1001. Provisions relating to judges of the Tax Court.
- Sec. 1002. Provisions relating to special trial judges of the Tax Court.

## TITLE XI—REVENUE PROVISIONS

- Sec. 1101. Simple and SEP Roth IRAs.
- Sec. 1102. Elective deferrals generally limited to regular contribution limit.
- Sec. 1103. Optional treatment of employer matching or nonelective contributions as Roth contributions.
- Sec. 1104. Charitable conservation easements.

1                   **TITLE I—INDIVIDUAL**  
 2                   **RETIREMENT**

3   **SEC. 101. SECURE DEFERRAL ARRANGEMENTS.**

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

1           “(16) ALTERNATIVE METHOD FOR SECURE DE-  
2           FERRAL ARRANGEMENTS TO MEET NONDISCRIMINA-  
3           TION REQUIREMENTS.—

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

7           “(B) SECURE DEFERRAL ARRANGE-  
8           MENT.—For purposes of this paragraph, the  
9           term ‘secure deferral arrangement’ means any  
10          cash or deferred arrangement which meets the  
11          requirements of subparagraphs (C), (D), and  
12          (E) of paragraph (13), except as modified by  
13          this paragraph.

14          “(C) QUALIFIED PERCENTAGE.—For pur-  
15          poses of this paragraph, in applying paragraph  
16          (13)(C) with respect to any employee, the term  
17          ‘qualified percentage’ means, in lieu of the  
18          meaning given such term in paragraph  
19          (13)(C)(iii), any percentage determined under  
20          the arrangement if such percentage is applied  
21          uniformly and is—

22                 “(i) at least 6 percent, but not greater  
23                 than 10 percent, during the period ending  
24                 on the last day of the first plan year which  
25                 begins after the date on which the first

1 elective contribution described in para-  
2 graph (13)(C)(i) is made with respect to  
3 such employee,

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

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

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

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

15 “(D) MATCHING CONTRIBUTIONS.—

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

24 “(I) 100 percent of the elective  
25 contributions of the employee to the

1 extent such contributions do not ex-  
2 ceed 2 percent of compensation,

3 “(II) 50 percent of so much of  
4 such contributions as exceed 2 percent  
5 but do not exceed 6 percent of com-  
6 pensation, plus

7 “(III) 20 percent of so much of  
8 such contributions as exceed 6 percent  
9 but do not exceed 10 percent of com-  
10 pensation.

11 “(ii) RULES FOR MATCHING CON-  
12 TRIBUTIONS.—

13 “(I) IN GENERAL.—The rate of  
14 matching contributions with respect to  
15 each increment of employee contribu-  
16 tions may be higher than the rate  
17 specified in clause (i) so long as such  
18 rate does not increase as an employ-  
19 ee’s rate of elective contributions in-  
20 creases.

21 “(II) RULES RELATING TO AL-  
22 TERNATIVE PLAN DESIGNS.—The  
23 rules of paragraph (12)(B)(iii) shall  
24 not apply for purposes of clause (i).”.

1 (b) MATCHING CONTRIBUTIONS.—Subsection (m) of  
2 section 401 is amended by redesignating paragraph (13)  
3 as paragraph (14) and by inserting after paragraph (12)  
4 the following new paragraph:

5 “(13) ALTERNATIVE METHOD FOR SECURE DE-  
6 FERRAL ARRANGEMENTS.—A defined contribution  
7 plan shall be treated as meeting the requirements of  
8 paragraph (2) with respect to matching contribu-  
9 tions if the plan—

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

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

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

19 (c) CONFORMING AMENDMENTS.—

20 (1) Clause (ii) of section 401(k)(12)(F) is  
21 amended by striking “or paragraph (13)(D)(i)(I)”  
22 and inserting “, paragraph (13)(D)(i)(I), or para-  
23 graph (16)(D)”.

24 (2) Subclause (II) of section 401(k)(15)(B)(i) is  
25 amended by striking “subsection (a)(4), paragraphs

1 (3), (12), and (13)” and inserting “paragraphs (3),  
2 (12), (13), and (16), subsection (a)(4)”.

3 (3) Subparagraph (H) of section 416(g)(4) is  
4 amended—

5 (A) in clause (i), by striking “section  
6 401(k)(12) or 401(k)(13)” and inserting “para-  
7 graph (12), (13), or (16) of section 401(k)”,  
8 and

9 (B) in clause (ii), by striking “section  
10 401(m)(11) or 401(m)(12)” and inserting  
11 “paragraph (11), (12), or (13) of section  
12 401(m)”.

13 (d) EFFECTIVE DATE.—The amendments made by  
14 this section shall apply to plan years beginning after De-  
15 cember 31, 2023.

16 **SEC. 102. MATCHING PAYMENTS FOR ELECTIVE DEFERRAL**  
17 **AND IRA CONTRIBUTIONS BY CERTAIN INDI-**  
18 **VIDUALS.**

19 (a) IN GENERAL.—Subchapter B of chapter 65 is  
20 amended by adding at the end the following new section:

21 **“SEC. 6433. MATCHING PAYMENTS FOR ELECTIVE DEFER-**  
22 **RAL AND IRA CONTRIBUTIONS BY CERTAIN**  
23 **INDIVIDUALS.**

24 “(a) IN GENERAL.—

1           “(1) ALLOWANCE OF CREDIT.—Any eligible in-  
2           dividual who makes qualified retirement savings con-  
3           tributions for the taxable year shall be allowed a  
4           credit for such taxable year in an amount equal to  
5           the applicable percentage of so much of the qualified  
6           retirement savings contributions made by such eligi-  
7           ble individual for the taxable year as does not exceed  
8           \$2,000.

9           “(2) PAYMENT OF CREDIT.—

10           “(A) IN GENERAL.—Except as provided in  
11           subparagraph (A), the credit under this section  
12           shall be—

13                   “(i) treated as allowed by subpart C  
14                   of part IV of subchapter A of chapter 1,  
15                   and

16                   “(ii) paid by the Secretary as a con-  
17                   tribution (as soon as practicable after the  
18                   eligible individual has filed a tax return  
19                   making a claim for such credit for the tax-  
20                   able year) to the applicable retirement sav-  
21                   ings vehicle of an eligible individual.

22           “(B) EXCEPTION.—In the case of an eligi-  
23           ble individual with respect to whom the credit  
24           determined under paragraph (1) is greater than  
25           zero but less than \$100 for the taxable year,

1 the eligible individual may elect to have sub-  
2 paragraph (A) not apply.

3 “(b) APPLICABLE PERCENTAGE.—For purposes of  
4 this section—

5 “(1) IN GENERAL.—Except as provided in para-  
6 graph (2), the applicable percentage is 50 percent.

7 “(2) PHASEOUT.—The percentage under para-  
8 graph (1) shall be reduced (but not below zero) by  
9 the number of percentage points which bears the  
10 same ratio to 50 percentage points as—

11 “(A) the excess of—

12 “(i) the taxpayer’s modified adjusted  
13 gross income for such taxable year, over

14 “(ii) the applicable dollar amount,  
15 bears to

16 “(B) the phaseout range.

17 If any reduction determined under this paragraph is  
18 not a whole percentage point, such reduction shall be  
19 rounded to the next lowest whole percentage point.

20 “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT  
21 RANGE.—

22 “(A) JOINT RETURNS AND SURVIVING  
23 SPOUSES.—Except as provided in subparagraph

24 (B)—

1 “(i) the applicable dollar amount is  
2 \$41,000, and

3 “(ii) the phaseout range is \$30,000.

4 “(B) OTHER RETURNS.—In the case of—

5 “(i) a head of a household (as defined  
6 in section 2(b)), the applicable dollar  
7 amount and the phaseout range shall be  $\frac{3}{4}$   
8 of the amounts applicable under subpara-  
9 graph (A) (as adjusted under subsection  
10 (h)), and

11 “(ii) any taxpayer who is not filing a  
12 joint return, who is not a head of a house-  
13 hold (as so defined), and who is not a sur-  
14 viving spouse (as defined in section 2(a)),  
15 the applicable dollar amount and the  
16 phaseout range shall be  $\frac{1}{2}$  of the amounts  
17 applicable under subparagraph (A) (as so  
18 adjusted).

19 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this  
20 section—

21 “(1) IN GENERAL.—The term ‘eligible indi-  
22 vidual’ means any individual if such individual has  
23 attained the age of 18 as of the close of the taxable  
24 year.

1           “(2) DEPENDENTS AND FULL-TIME STUDENTS  
2           NOT ELIGIBLE.—The term ‘eligible individual’ shall  
3           not include—

4                   “(A) any individual with respect to whom  
5                   a deduction under section 151 is allowed to an-  
6                   other taxpayer for a taxable year beginning in  
7                   the calendar year in which such individual’s  
8                   taxable year begins, and

9                   “(B) any individual who is a student (as  
10                  defined in section 152(f)(2)).

11           “(3) NONRESIDENT ALIENS NOT ELIGIBLE.—  
12           The term ‘eligible individual’ shall not include any  
13           individual who is a nonresident alien individual for  
14           any portion of the taxable year unless such indi-  
15           vidual is treated for such taxable year as a resident  
16           of the United States for purposes of chapter 1 by  
17           reason of an election under subsection (g) or (h) of  
18           section 6013.

19           “(d) QUALIFIED RETIREMENT SAVINGS CONTRIBU-  
20           TIONS.—For purposes of this section—

21                   “(1) IN GENERAL.—The term ‘qualified retire-  
22                   ment savings contributions’ means, with respect to  
23                   any taxable year, the sum of—

1           “(A) the amount of the qualified retire-  
2           ment contributions (as defined in section  
3           219(e)) made by the eligible individual,

4           “(B) the amount of—

5                   “(i) any elective deferrals (as defined  
6                   in section 402(g)(3)) of such individual,  
7                   and

8                   “(ii) any elective deferral of com-  
9                   pensation by such individual under an eli-  
10                  gible deferred compensation plan (as de-  
11                  fined in section 457(b)) of an eligible em-  
12                  ployer described in section 457(e)(1)(A),  
13                  and

14           “(C) the amount of voluntary employee  
15           contributions by such individual to any qualified  
16           retirement plan (as defined in section 4974(c)).

17           Such term shall not include any amount attributable  
18           to a payment under subsection (a)(2).

19           “(2) REDUCTION FOR CERTAIN DISTRIBUTIONS.—

21                   “(A) IN GENERAL.—The qualified retire-  
22                   ment savings contributions determined under  
23                   paragraph (1) for a taxable year shall be re-  
24                   duced (but not below zero) by the aggregate  
25                   distributions received by the individual during

1 the testing period from any entity of a type to  
2 which contributions under paragraph (1) may  
3 be made.

4 “(B) TESTING PERIOD.—For purposes of  
5 subparagraph (A), the testing period, with re-  
6 spect to a taxable year, is the period which in-  
7 cludes—

8 “(i) such taxable year,

9 “(ii) the 2 preceding taxable years,

10 and

11 “(iii) the period after such taxable  
12 year and before the due date (including ex-  
13 tensions) for filing the return of tax for  
14 such taxable year.

15 “(C) EXCEPTED DISTRIBUTIONS.—There  
16 shall not be taken into account under subpara-  
17 graph (A)—

18 “(i) any distribution referred to in  
19 section 72(p), 401(k)(8), 401(m)(6),  
20 402(g)(2), 404(k), or 408(d)(4),

21 “(ii) any distribution to which section  
22 408(d)(3) or 408A(d)(3) applies, and

23 “(iii) any portion of a distribution if  
24 such portion is transferred or paid in a  
25 rollover contribution (as defined in section

1 402(c), 403(a)(4), 403(b)(8), 408A(e), or  
2 457(e)(16)) to an account or plan to which  
3 qualified retirement savings contributions  
4 can be made.

5 “(D) TREATMENT OF DISTRIBUTIONS RE-  
6 CEIVED BY SPOUSE OF INDIVIDUAL.—For pur-  
7 poses of determining distributions received by  
8 an individual under subparagraph (A) for any  
9 taxable year, any distribution received by the  
10 spouse of such individual shall be treated as re-  
11 ceived by such individual if such individual and  
12 spouse file a joint return for such taxable year  
13 and for the taxable year during which the  
14 spouse receives the distribution.

15 “(e) APPLICABLE RETIREMENT SAVINGS VEHI-  
16 CLE.—

17 “(1) IN GENERAL.—The term ‘applicable retire-  
18 ment savings vehicle’ means an account or plan  
19 elected by the eligible individual under paragraph  
20 (2).

21 “(2) ELECTION.—Any such election to have  
22 contributed the amount determined under subsection  
23 (a) shall be to an account or plan which—

24 “(A) is—

1 “(i) the portion of a plan described in  
2 clause (iii), (iv), (v), or (vi) of section  
3 402(e)(8)(B) which does not consist of a  
4 qualified Roth contribution program (as  
5 defined in section 402A(b)), or

6 “(ii) an individual retirement plan  
7 which is not a Roth IRA,

8 “(B) is for the benefit of the eligible indi-  
9 vidual,

10 “(C) accepts contributions made under this  
11 section, and

12 “(D) is designated by such individual (in  
13 such form and manner as the Secretary may  
14 provide).

15 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—

16 “(1) MODIFIED ADJUSTED GROSS INCOME.—

17 For purposes of this section, the term ‘modified ad-  
18 justed gross income’ means adjusted gross income—

19 “(A) determined without regard to sections  
20 911, 931, and 933, and

21 “(B) determined without regard to any ex-  
22 clusion or deduction allowed for any qualified  
23 retirement savings contribution made during  
24 the taxable year.

1           “(2) TREATMENT OF CONTRIBUTIONS.—In the  
2 case of any contribution under subsection (a)(2)—

3           “(A) except as otherwise provided in this  
4 section or by the Secretary under regulations,  
5 such contribution shall be treated as—

6           “(i) an elective deferral made by the  
7 individual, if contributed to an applicable  
8 retirement savings vehicle described in sub-  
9 section (e)(2)(A)(i), or

10           “(ii) as an individual retirement plan  
11 contribution made by such individual, if  
12 contributed to such a plan, and

13           “(B) such contribution shall not be taken  
14 into account with respect to any applicable limi-  
15 tation under sections 402(g)(1), 403(b),  
16 408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2),  
17 415(c), or 457(b)(2), and shall be disregarded  
18 for purposes of sections 401(a)(4), 401(k)(3),  
19 401(k)(11)(B)(i)(III), and 416.

20           “(3) TREATMENT OF QUALIFIED PLANS, ETC.—

21 A plan or arrangement to which a contribution is  
22 made under this section shall not be treated as vio-  
23 lating any requirement under section 401, 403, 408,  
24 or 457 solely by reason of accepting such contribu-  
25 tion.

1 “(4) ERRONEOUS CREDITS.—

2 “(A) IN GENERAL.—If any contribution is  
3 erroneously paid under subsection (a)(2), in-  
4 cluding a payment that is not made to an appli-  
5 cable retirement savings vehicle, the amount of  
6 such erroneous payment shall be treated as an  
7 underpayment of tax (other than for purposes  
8 of part II of subchapter A of chapter 68) for  
9 the taxable year in which the Secretary deter-  
10 mines the payment is erroneous.

11 “(B) DISTRIBUTION OF ERRONEOUS CRED-  
12 ITS.—In the case of a contribution to which  
13 subparagraph (A) applies—

14 “(i) section 402(a), 403(a)(1),  
15 403(b)(1), 408(d)(1), or 457(a)(1), which-  
16 ever is applicable, shall not apply to any  
17 distribution of such contribution, and sec-  
18 tion 72(t) shall not apply to the distribu-  
19 tion of such contribution or any income at-  
20 tributable thereto, if such distribution is  
21 received not later than the day prescribed  
22 by law (including extensions of time) for  
23 filing the individual’s return for such tax-  
24 able year, and

1                   “(ii) any plan or arrangement from  
2                   which such a distribution is made under  
3                   this subparagraph shall not be treated as  
4                   violating any requirement under section  
5                   401, 403, or 457 solely by reason of mak-  
6                   ing such distribution.

7                   “(5) EXCEPTION FROM REDUCTION OR OFF-  
8                   SET.—Any payment made to any individual under  
9                   this section shall not be—

10                   “(A) subject to reduction or offset pursu-  
11                   ant to subsection (c), (d), (e), or (f) of section  
12                   6402 or any similar authority permitting offset,  
13                   or

14                   “(B) reduced or offset by other assessed  
15                   Federal taxes that would otherwise be subject  
16                   to levy or collection.

17                   “(g) PROVISION BY SECRETARY OF INFORMATION  
18                   RELATING TO CONTRIBUTIONS.—In the case of an  
19                   amount elected by an eligible individual to be contributed  
20                   to an account or plan under subsection (e)(2), the Sec-  
21                   retary shall provide general guidance applicable to the cus-  
22                   todian of the account or the plan sponsor, as the case may  
23                   be, detailing the treatment of such contribution under sub-  
24                   section (f)(2) and the reporting requirements with respect  
25                   to such contribution under section 6058, particularly as

1 such requirements are modified pursuant to section  
2 102(c)(2) of the Enhancing American Retirement Now  
3 Act.

4 “(h) INFLATION ADJUSTMENTS.—

5 “(1) IN GENERAL.—In the case of any taxable  
6 year beginning in a calendar year after 2027, the  
7 \$41,000 amount in subsection (b)(3)(A)(i) shall be  
8 increased by an amount equal to—

9 “(A) such dollar amount, multiplied by

10 “(B) the cost-of-living adjustment deter-  
11 mined under section 1(f)(3) for the calendar  
12 year in which the taxable year begins, deter-  
13 mined by substituting ‘calendar year 2026’ for  
14 ‘calendar year 2016’ in subparagraph (A)(ii)  
15 thereof.

16 “(2) ROUNDING.—Any increase determined  
17 under paragraph (1) shall be rounded to the nearest  
18 multiple of \$1,000.”.

19 (b) TREATMENT OF CERTAIN POSSESSIONS.—

20 (1) PAYMENTS TO POSSESSIONS WITH MIRROR  
21 CODE TAX SYSTEMS.—The Secretary of the Treas-  
22 ury shall pay to each possession of the United States  
23 which has a mirror code tax system amounts equal  
24 to the loss (if any) to that possession by reason of  
25 the amendments made by this section. Such

1 amounts shall be determined by the Secretary of the  
2 Treasury based on information provided by the gov-  
3 ernment of the respective possession.

4 (2) PAYMENTS TO OTHER POSSESSIONS.—The  
5 Secretary of the Treasury shall pay to each posses-  
6 sion of the United States which does not have a mir-  
7 ror code tax system amounts estimated by the Sec-  
8 retary of the Treasury as being equal to the aggre-  
9 gate benefits (if any) that would have been provided  
10 to residents of such possession by reason of the  
11 amendments made by this section if a mirror code  
12 tax system had been in effect in such possession.  
13 The preceding sentence shall not apply unless the re-  
14 spective possession has a plan, which has been ap-  
15 proved by the Secretary of the Treasury, under  
16 which such possession will promptly distribute such  
17 payments to its residents.

18 (3) COORDINATION WITH CREDIT ALLOWED  
19 AGAINST UNITED STATES INCOME TAXES.—No cred-  
20 it shall be allowed against United States income  
21 taxes under section 6433 of the Internal Revenue  
22 Code of 1986 (as added by this section) to any per-  
23 son—

1 (A) to whom a credit is allowed against  
2 taxes imposed by the possession by reason of  
3 the amendments made by this section, or

4 (B) who is eligible for a payment under a  
5 plan described in paragraph (2).

6 (4) MIRROR CODE TAX SYSTEM.—For purposes  
7 of this subsection, the term “mirror code tax sys-  
8 tem” means, with respect to any possession of the  
9 United States, the income tax system of such posses-  
10 sion if the income tax liability of the residents of  
11 such possession under such system is determined by  
12 reference to the income tax laws of the United  
13 States as if such possession were the United States.

14 (5) TREATMENT OF PAYMENTS.—For purposes  
15 of section 1324 of title 31, United States Code, the  
16 payments under this subsection shall be treated in  
17 the same manner as a refund due from a credit pro-  
18 vision referred to in subsection (b)(2) of such sec-  
19 tion.

20 (c) ADMINISTRATIVE PROVISIONS.—

21 (1) DEFICIENCIES.—Section 6211(b)(4) is  
22 amended by striking “and 7527A” and inserting  
23 “7527A, and 6433”.

24 (2) REPORTING.—The Secretary of the Treas-  
25 ury shall amend the forms relating to reports re-

1       quired under section 6058 of the Internal Revenue  
2       Code of 1986 to require—

3               (A) separate reporting of the aggregate  
4               amount of contributions received by the plan  
5               during the year under section 6433 of the In-  
6               ternal Revenue Code of 1986 (as added by this  
7               section), and

8               (B) similar reporting with respect to indi-  
9               vidual retirement accounts (as defined in sec-  
10              tion 408 of such Code) and individual retire-  
11              ment annuities (as defined in section 408(b) of  
12              such Code).

13       (d) PAYMENT AUTHORITY.—Section 1324(b)(2) of  
14       title 31, United States Code, is amended by striking “or  
15       7527A” and inserting “7527A, or 6433”.

16       (e) CONFORMING AMENDMENTS.—

17               (1) Paragraph (1) of section 25B(d) is amend-  
18               ed by striking “the sum of—” and all that follows  
19               through “the amount of contributions made before  
20               January 1, 2026” and inserting “the amount of con-  
21               tributions made before January 1, 2026”.

22               (2) The table of sections for subchapter B of  
23               chapter 65 is amended by adding at the end the fol-  
24               lowing new item:

“Sec. 6433. Matching payments for elective deferral and IRA contributions by  
certain individuals.”.

1 (f) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2026.

4 **SEC. 103. MODIFICATION OF PARTICIPATION REQUIRE-**  
5 **MENTS FOR LONG-TERM, PART-TIME WORK-**  
6 **ERS.**

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

10 (b) PRE-2021 SERVICE.—Section 112(b) of the Set-  
11 ting Every Community Up for Retirement Enhancement  
12 Act of 2019 (26 U.S.C. 401 note) is amended by striking  
13 “section 401(k)(2)(D)(ii)” and inserting “paragraphs  
14 (2)(D)(ii) and (15)(B)(iii) of section 401(k)”.

15 (c) COORDINATION WITH RULES FOR TOP-HEAVY  
16 PLANS.—Subparagraph (H) of section 416(g)(4), as  
17 amended by this Act, is further amended by inserting be-  
18 fore “If, but” the following: “Such term shall not include  
19 a plan solely because such plan does not provide matching  
20 contributions to employees described in section  
21 401(k)(15)(B)(i).”.

22 (d) EFFECTIVE DATES.—

23 (1) IN GENERAL.—The amendment made by  
24 subsection (a) shall apply to plan years beginning  
25 after December 31, 2022.

1           (2) PRE-2021 SERVICE AND TOP-HEAVY  
2 RULES.—The amendments made by subsections (b)  
3 and (c) shall take effect as if included in the enact-  
4 ment of section 112 of the Setting Every Commu-  
5 nity Up for Retirement Enhancement Act of 2019.

6 **SEC. 104. TREATMENT OF STUDENT LOAN PAYMENTS AS**  
7 **ELECTIVE DEFERRALS FOR PURPOSES OF**  
8 **MATCHING CONTRIBUTIONS.**

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

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

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

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

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

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

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

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

14 “(ii) if the employee certifies annually  
15 to the employer making the matching con-  
16 tribution under this paragraph that such  
17 payment has been made on such loan.

18 For purposes of this subparagraph, the term  
19 ‘qualified higher education expenses’ means the  
20 cost of attendance (as defined in section 472 of  
21 the Higher Education Act of 1965, as in effect  
22 on the day before the date of the enactment of  
23 the Taxpayer Relief Act of 1997) at an eligible  
24 educational institution (as defined in section  
25 221(d)(2)).”.

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

6           “(14) MATCHING CONTRIBUTIONS FOR QUALI-  
7 FIED STUDENT LOAN PAYMENTS.—

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

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

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

23           “(iii) under the plan, all employees el-  
24 igible to receive matching contributions on  
25 account of elective deferrals are eligible to

1 receive matching contributions on account  
2 of qualified student loan payments, and

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

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

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

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

24 “(iii) MATCHING CONTRIBUTION  
25 RULES.—Solely for purposes of meeting

1 the requirements of paragraph (11)(B),  
2 (12), or (13) of this subsection, or para-  
3 graph (11)(B)(i)(II), (12)(B), (13)(D), or  
4 (16)(D) of subsection (k), a plan may treat  
5 a qualified student loan payment as an  
6 elective deferral or an elective contribution,  
7 whichever is applicable.

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

17 “(C) EMPLOYER MAY RELY ON EMPLOYEE  
18 CERTIFICATION.—The employer may rely on an  
19 employee certification of payment under para-  
20 graph (4)(D)(ii).”.

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

24 “(F) MATCHING CONTRIBUTIONS FOR  
25 QUALIFIED STUDENT LOAN PAYMENTS.—

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

11                   “(I) the applicable dollar amount  
12 under subparagraph (E) (after appli-  
13 cation of section 414(v)) for the year  
14 (or, if lesser, the employee’s com-  
15 pensation (as defined in section  
16 415(c)(3)) for the year), reduced by

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

20           “(ii) QUALIFIED STUDENT LOAN PAY-  
21 MENT.—For purposes of this subpara-  
22 graph—

23                   “(I) IN GENERAL.—The term  
24 ‘qualified student loan payment’  
25 means a payment made by an em-

1            ployee in repayment of a qualified  
2            education loan (as defined in section  
3            221(d)(1)) incurred by the employee  
4            to pay qualified higher education ex-  
5            penses, but only if the employee cer-  
6            tifies to the employer making the  
7            matching contribution that such pay-  
8            ment has been made on such a loan.

9            “(II) QUALIFIED HIGHER EDU-  
10            CATION EXPENSES.—The term ‘quali-  
11            fied higher education expenses’ has  
12            the same meaning as when used in  
13            section 401(m)(4)(D).

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

17            “(I) matching contributions on  
18            account of qualified student loan pay-  
19            ments are provided only on behalf of  
20            employees otherwise eligible to elect  
21            contributions under subparagraph  
22            (A)(i)(I), and

23            “(II) all employees otherwise eli-  
24            gible to participate in the arrange-  
25            ment are eligible to receive matching

1 contributions on account of qualified  
2 student loan payments.”.

3 (e) 403(b) PLANS.—Subparagraph (A) of section  
4 403(b)(12) is amended by adding at the end the following:  
5 “The fact that the employer offers matching contributions  
6 on account of qualified student loan payments as described  
7 in section 401(m)(14) shall not be taken into account in  
8 determining whether the arrangement satisfies the re-  
9 quirements of clause (ii) (and any regulation there-  
10 under).”.

11 (f) 457(b) PLANS.—Subsection (b) of section 457 is  
12 amended by adding at the end the following: “A plan  
13 which is established and maintained by an employer which  
14 is described in subsection (e)(1)(A) shall not be treated  
15 as failing to meet the requirements of this subsection sole-  
16 ly because the plan, or another plan maintained by the  
17 employer which meets the requirements of section 401(a)  
18 or 403(b), provides for matching contributions on account  
19 of qualified student loan payments as described in section  
20 401(m)(14).”.

21 (g) REGULATORY AUTHORITY.—The Secretary of the  
22 Treasury (or such Secretary’s delegate) shall prescribe  
23 regulations for purposes of implementing the amendments  
24 made by this section, including regulations—

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

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

15           (3) promulgating model amendments which  
16 plans may adopt to implement matching contribu-  
17 tions on such qualified student loan payments for  
18 purposes of sections 401(m), 408(p), 403(b), and  
19 457(b) of the Internal Revenue Code of 1986.

20           (h) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to contributions made for plan  
22 years beginning after December 31, 2023.

1 **SEC. 105. WITHDRAWALS FOR CERTAIN EMERGENCY EX-**  
2 **PENSES.**

3 (a) IN GENERAL.—Paragraph (2) of section 72(t) is  
4 amended by adding at the end the following new subpara-  
5 graph:

6 “(I) DISTRIBUTIONS FOR CERTAIN EMER-  
7 GENCY EXPENSES.—

8 “(i) IN GENERAL.—Any emergency  
9 personal expense distribution.

10 “(ii) ANNUAL LIMITATION.—Not more  
11 than 1 distribution per calendar year may  
12 be treated as an emergency personal ex-  
13 pense distribution by any individual.

14 “(iii) DOLLAR LIMITATION.—The  
15 amount which may be treated as an emer-  
16 gency personal expense distribution by any  
17 individual in any calendar year shall not  
18 exceed the lesser of \$1,000 or an amount  
19 equal to the excess of—

20 “(I) the individual’s total non-  
21 forfeitable accrued benefit under the  
22 plan (the individual’s total interest in  
23 the plan in the case of an individual  
24 retirement plan), determined as of the  
25 date of each such distribution, over

26 “(II) \$1,000.

1                   “(iv) EMERGENCY PERSONAL EX-  
2                   PENSE DISTRIBUTION.—For purposes of  
3                   this subparagraph, the term ‘emergency  
4                   personal expense distribution’ means any  
5                   distribution from an applicable eligible re-  
6                   tirement plan (as defined in subparagraph  
7                   (H)(vi)(I)) to an individual for purposes of  
8                   meeting unforeseeable or immediate finan-  
9                   cial needs relating to necessary personal or  
10                  family emergency expenses. The adminis-  
11                  trator of an applicable eligible retirement  
12                  plan may rely on an employee’s certifi-  
13                  cation that the employee satisfies the con-  
14                  ditions of the preceding sentence in deter-  
15                  mining whether any distribution is an  
16                  emergency personal expense distribution.  
17                  The Secretary may provide by regulations  
18                  for exceptions to the rule of the preceding  
19                  sentence in cases where the plan adminis-  
20                  trator has actual knowledge to the con-  
21                  trary of the employee’s certification, and  
22                  for procedures for addressing cases of em-  
23                  ployee misrepresentation.

24                   “(v) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual  
25

1 would (without regard to clause (ii) or  
2 (iii)) be an emergency personal expense  
3 distribution, a plan shall not be treated as  
4 failing to meet any requirement of this  
5 title merely because the plan treats the dis-  
6 tribution as an emergency personal ex-  
7 pense distribution, unless the number or  
8 the aggregate amount of such distributions  
9 from all plans maintained by the employer  
10 (and any member of any controlled group  
11 which includes the employer, determined as  
12 provided in subparagraph (H)(iv)(II)) to  
13 such individual exceeds the limitation de-  
14 termined under clause (ii) or (iii).

15 “(vi) AMOUNT DISTRIBUTED MAY BE  
16 REPAID.—

17 “(I) IN GENERAL.—Any indi-  
18 vidual who receives an emergency per-  
19 sonal expense distribution may, at any  
20 time during the 3-year period begin-  
21 ning on the day after the date on  
22 which such distribution was received,  
23 make one or more contributions in an  
24 aggregate amount not to exceed the  
25 amount of such distribution to an ap-

1 applicable eligible retirement plan of  
2 which such individual is a beneficiary  
3 and to which a rollover contribution of  
4 such distribution could be made under  
5 section 402(c), 403(a)(4), 403(b)(8),  
6 408(d)(3), or 457(e)(16), as the case  
7 may be.

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

1 described in subclause (I)) to such ap-  
2 plicable eligible retirement plan.

3 “(III) TREATMENT OF REPAY-  
4 MENTS OF DISTRIBUTIONS FROM AP-  
5 PPLICABLE ELIGIBLE RETIREMENT  
6 PLANS OTHER THAN IRAS.—If a con-  
7 tribution is made under subclause (I)  
8 with respect to an emergency personal  
9 expense distribution from an applica-  
10 ble eligible retirement plan other than  
11 an individual retirement plan, then  
12 the taxpayer shall, to the extent of the  
13 amount of the contribution, be treated  
14 as having received such distribution in  
15 an eligible rollover distribution (as de-  
16 fined in section 402(c)(4)) and as  
17 having transferred the amount to the  
18 applicable eligible retirement plan in a  
19 direct trustee to trustee transfer with-  
20 in 60 days of the distribution.

21 “(IV) TREATMENT OF REPAY-  
22 MENTS FOR DISTRIBUTIONS FROM  
23 IRAS.—If a contribution is made  
24 under subclause (I) with respect to an  
25 emergency personal expense distribu-



1 individual retirement plan) subsequent  
2 to such previous distribution is at  
3 least equal to the amount of such pre-  
4 vious distribution which has not been  
5 so repaid.

6 “(viii) SPECIAL RULES.—Rules simi-  
7 lar to the rules of subclauses (II) and (IV)  
8 of subparagraph (H)(vi) shall apply to any  
9 emergency personal expense distribution.”.

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

13 **SEC. 106. ALLOW ADDITIONAL NONELECTIVE CONTRIBU-**  
14 **TIONS TO SIMPLE PLANS.**

15 (a) IN GENERAL.—

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

21 “(iv) the employer may make nonelec-  
22 tive contributions—

23 “(I) of a uniform percentage (up  
24 to 10 percent) of compensation, and

25 “(II) not to exceed \$5,000,

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

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

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

14               “(8) COORDINATION WITH MAXIMUM LIMITA-  
15               TION.—In the case of any simple retirement ac-  
16               count—

17                       “(A) subsection (a)(1) shall be applied by  
18                       substituting for ‘the amount in effect for such  
19                       taxable year under section 219(b)(1)(A)’ the  
20                       following: ‘the sum of the dollar amount in ef-  
21                       fect under subsection (p)(2)(A)(ii), the em-  
22                       ployer contribution required under subsection  
23                       (p)(2)(A)(iii) or (p)(2)(B)(i), whichever is appli-  
24                       cable, and a contribution which meets the re-





1           (3) Section 401(k)(11)(B)(i)(IV), as redesignig-  
2           nated by paragraph (2), is amended by striking “or  
3           (II)” and inserting “, (II), or (III)”.

4           (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to taxable years beginning after  
6 December 31, 2023.

7 **SEC. 107. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR**  
8 **CONTRIBUTING TO A PLAN.**

9           (a) IN GENERAL.—Subparagraph (A) of section  
10 401(k)(4) is amended by inserting “(other than a de mini-  
11 mis financial incentive provided to employees who elect to  
12 have the employer make contributions under the arrange-  
13 ment in lieu of receiving cash)” after “any other benefit”.

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

21           (c) EXEMPTION FROM PROHIBITED TRANSACTION  
22 RULES.—Subsection (d) of section 4975 is amended by  
23 striking “or” at the end of paragraph (22)(I), by striking  
24 the period at the end of paragraph (23) and inserting “,

1 or”, and by adding at the end the following new para-  
2 graph:

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

6 (d) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply with respect to plan years begin-  
8 ning after the date of the enactment of this Act.

9 **SEC. 108. INDEXING IRA CATCH-UP LIMIT.**

10 (a) IN GENERAL.—Subparagraph (C) of section  
11 219(b)(5) is amended by adding at the end the following  
12 new clause:

13 “(iii) INDEXING OF CATCH-UP LIMITA-  
14 TION.—In the case of any taxable year be-  
15 ginning in a calendar year after 2022, the  
16 \$1,000 amount under subparagraph (B)(ii)  
17 shall be increased by an amount equal to—

18 “(I) such dollar amount, multi-  
19 plied by

20 “(II) the cost-of-living adjust-  
21 ment determined under section 1(f)(3)  
22 for the calendar year in which the tax-  
23 able year begins, determined by sub-  
24 stituting ‘calendar year 2021’ for ‘cal-

1                   endar year 2016’ in subparagraph  
2                   (A)(ii) thereof.

3                   If any amount after adjustment under the  
4                   preceding sentence is not a multiple of  
5                   \$100, such amount shall be rounded to the  
6                   next lower multiple of \$100.”.

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

10 **SEC. 109. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60, 61,**  
11 **62, AND 63.**

12           (a) IN GENERAL.—

13                   (1) PLANS OTHER THAN SIMPLE PLANS.—Sec-  
14 tion 414(v)(2)(B)(i) is amended by inserting the fol-  
15 lowing before the period: “(\$10,000, in the case of  
16 an eligible participant who would attain age 60 but  
17 would not attain age 64 before the close of the tax-  
18 able year)”.

19                   (2) SIMPLE PLANS.—Section 414(v)(2)(B)(ii) is  
20 amended by inserting the following before the pe-  
21 riod: “(\$5,000, in the case of an eligible participant  
22 who would attain age 60 but would not attain age  
23 64 before the close of the taxable year)”.

24           (b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph  
25 (C) of section 414(v)(2) is amended by adding at the end

1 the following: “In the case of a year beginning after De-  
2 cember 31, 2025, the Secretary shall adjust annually the  
3 \$10,000 amount in subparagraph (B)(i) and the \$5,000  
4 amount in subparagraph (B)(ii) for increases in the cost-  
5 of-living at the same time and in the same manner as ad-  
6 justments under the preceding sentence; except that the  
7 base period taken into account shall be the calendar quar-  
8 ter beginning July 1, 2024.”.

9 (c) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to taxable years beginning after  
11 December 31, 2024.

12 **SEC. 110. ELIMINATE THE “FIRST DAY OF THE MONTH” RE-**  
13 **QUIREMENT FOR GOVERNMENTAL SECTION**  
14 **457(b) PLANS.**

15 (a) IN GENERAL.—Section 457(b)(4) is amended to  
16 read as follows:

17 “(4) which provides that compensation—

18 “(A) in the case of an eligible employer de-  
19 scribed in subsection (e)(1)(A), will be deferred  
20 only if an agreement providing for such deferral  
21 has been entered into before the compensation  
22 is currently available to the individual, and

23 “(B) in any other case, will be deferred for  
24 any calendar month only if an agreement pro-



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

3                       “(ix) attributable to withdrawal of net  
4                       income attributable to a contribution which  
5                       is distributed pursuant to section  
6                       408(d)(4).”.

7           (b) **EFFECTIVE DATE.**—The amendments made by  
8 this section shall apply to any determination of, or affect-  
9 ing, liability for taxes, interest, or penalties which is made  
10 on or after the date of the enactment of this Act, without  
11 regard to whether the act (or failure to act) upon which  
12 the determination is based occurred before such date of  
13 enactment. Notwithstanding the preceding sentence, noth-  
14 ing in the amendments made by this section shall be con-  
15 strued to create an inference with respect to the law in  
16 effect prior to the effective date of such amendments.

17 **SEC. 113. EMPLOYER MAY RELY ON EMPLOYEE CERTI-**  
18 **FYING THAT DEEMED HARDSHIP DISTRIBUTU-**  
19 **TION CONDITIONS ARE MET.**

20           (a) **CASH OR DEFERRED ARRANGEMENTS.**—Section  
21 401(k)(14) is amended by adding at the end the following  
22 new subparagraph:

23                       “(C) **EMPLOYEE CERTIFICATION.**—In de-  
24                       termining whether a distribution is upon the  
25                       hardship of an employee, the administrator of

1 the plan may rely on a written certification by  
2 the employee that the distribution is—

3 “(i) on account of a financial need of  
4 a type which is deemed in regulations pre-  
5 scribed by the Secretary to be an imme-  
6 diate and heavy financial need, and

7 “(ii) not in excess of the amount re-  
8 quired to satisfy such financial need, and  
9 that the employee has no alternative means rea-  
10 sonably available to satisfy such financial need.  
11 The Secretary may provide by regulations for  
12 exceptions to the rule of the preceding sentence  
13 in cases where the plan administrator has ac-  
14 tual knowledge to the contrary of the employ-  
15 ee’s certification, and for procedures for ad-  
16 dressing cases of employee misrepresentation.”.

17 (b) 403(b) PLANS.—

18 (1) CUSTODIAL ACCOUNTS.—Section 403(b)(7)  
19 is amended by adding at the end the following new  
20 subparagraph:

21 “(D) EMPLOYEE CERTIFICATION.—In de-  
22 termining whether a distribution is upon the fi-  
23 nancial hardship of an employee, the adminis-  
24 trator of the plan may rely on a written certifi-

1 cation by the employee that the distribution  
2 is—

3 “(i) on account of a financial need of  
4 a type which is deemed in regulations pre-  
5 scribed by the Secretary to be an imme-  
6 diate and heavy financial need, and

7 “(ii) not in excess of the amount re-  
8 quired to satisfy such financial need, and  
9 that the employee has no alternative means rea-  
10 sonably available to satisfy such financial need.  
11 The Secretary may provide by regulations for  
12 exceptions to the rule of the preceding sentence  
13 in cases where the plan administrator has ac-  
14 tual knowledge to the contrary of the employ-  
15 ee’s certification, and for procedures for ad-  
16 dressing cases of employee misrepresentation.”.

17 (2) ANNUITY CONTRACTS.—Section 403(b)(11)  
18 is amended by adding at the end the following: “In  
19 determining whether a distribution is upon hardship  
20 of an employee, the administrator of the plan may  
21 rely on a written certification by the employee that  
22 the distribution is on account of a financial need of  
23 a type which is deemed in regulations prescribed by  
24 the Secretary to be an immediate and heavy finan-  
25 cial need and is not in excess of the amount required

1 to satisfy such financial need, and that the employee  
2 has no alternative means reasonably available to sat-  
3 isfy such financial need. The Secretary may provide  
4 by regulations for exceptions to the rule of the pre-  
5 ceding sentence in cases where the plan adminis-  
6 trator has actual knowledge to the contrary of the  
7 employee's certification, and for procedures for ad-  
8 dressing cases of employee misrepresentation.”.

9 (c) 457(b) PLAN.—Section 457(d) is amended by  
10 adding at the end the following new paragraph:

11 “(4) PARTICIPANT CERTIFICATION.—In deter-  
12 mining whether a distribution to a participant is  
13 made when the participant is faced with an unfore-  
14 seeable emergency, the administrator of a plan  
15 maintained by an eligible employer described in sub-  
16 section (e)(1)(A) may rely on a written certification  
17 by the participant that the distribution is—

18 “(A) made when the participant is faced  
19 with an unforeseeable emergency of a type  
20 which is described in regulations prescribed by  
21 the Secretary as an unforeseeable emergency,  
22 and

23 “(B) not in excess of the amount required  
24 to satisfy the emergency need, and

1 that the participant has no alternative means rea-  
2 sonably available to satisfy such emergency need.  
3 The Secretary may provide by regulations for excep-  
4 tions to the rule of the preceding sentence in cases  
5 where the plan administrator has actual knowledge  
6 to the contrary of the participant's certification, and  
7 for procedures for addressing cases of participant  
8 misrepresentation.”.

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

12 **SEC. 114. PENALTY-FREE WITHDRAWALS FROM RETIRE-**  
13 **MENT PLANS FOR INDIVIDUALS IN CASE OF**  
14 **DOMESTIC ABUSE.**

15 (a) IN GENERAL.—Paragraph (2) of section 72(t), as  
16 amended by this Act, is further amended by adding at the  
17 end the following new subparagraph:

18 “(J) DISTRIBUTIONS FROM RETIREMENT  
19 PLAN IN CASE OF DOMESTIC ABUSE.—

20 “(i) IN GENERAL.—Any eligible dis-  
21 tribution to a domestic abuse victim.

22 “(ii) LIMITATION.—The aggregate  
23 amount which may be treated as an eligi-  
24 ble distribution to a domestic abuse victim

1 by any individual shall not exceed an  
2 amount equal to the lesser of—

3 “(I) \$10,000, or

4 “(II) 50 percent of the present  
5 value of the nonforfeitable accrued  
6 benefit of the employee under the  
7 plan.

8 “(iii) ELIGIBLE DISTRIBUTION TO A  
9 DOMESTIC ABUSE VICTIM.—For purposes  
10 of this subparagraph—

11 “(I) IN GENERAL.—A distribu-  
12 tion shall be treated as an eligible dis-  
13 tribution to a domestic abuse victim if  
14 such distribution is from an applicable  
15 eligible retirement plan and is made  
16 to an individual during the 1-year pe-  
17 riod beginning on any date on which  
18 the individual is a victim of domestic  
19 abuse by a spouse or domestic part-  
20 ner.

21 “(II) DOMESTIC ABUSE.—The  
22 term ‘domestic abuse’ means physical,  
23 psychological, sexual, emotional, or  
24 economic abuse, including efforts to  
25 control, isolate, humiliate, or intimi-

1           date the victim, or to undermine the  
2           victim’s ability to reason independ-  
3           ently, including by means of abuse of  
4           the victim’s child or another family  
5           member living in the household.

6           “(iv) TREATMENT OF PLAN DISTRIBUTI-  
7           ONS.—If a distribution to an individual  
8           would (without regard to clause (ii)) be an  
9           eligible distribution to a domestic abuse  
10          victim, a plan shall not be treated as fail-  
11          ing to meet any requirement of this title  
12          merely because the plan treats the dis-  
13          tribution as an eligible distribution to a do-  
14          mestic abuse victim, unless the aggregate  
15          amount of such distributions from all plans  
16          maintained by the employer (and any  
17          member of any controlled group which in-  
18          cludes the employer, determined as pro-  
19          vided in subparagraph (H)(iv)(II)) to such  
20          individual exceeds the limitation under  
21          clause (ii).

22          “(v) AMOUNT DISTRIBUTED MAY BE  
23          REPAID.—

24          “(I) IN GENERAL.—Any indi-  
25          vidual who receives a distribution de-

1 scribed in clause (i) may, at any time  
2 during the 3-year period beginning on  
3 the day after the date on which such  
4 distribution was received, make one or  
5 more contributions in an aggregate  
6 amount not to exceed the amount of  
7 such distribution to an applicable eli-  
8 gible retirement plan of which such  
9 individual is a beneficiary and to  
10 which a rollover contribution of such  
11 distribution could be made under sec-  
12 tion 402(c), 403(a)(4), 403(b)(8),  
13 408(d)(3), or 457(e)(16), as the case  
14 may be.

15 “(II) LIMITATION ON CONTRIBU-  
16 TIONS TO APPLICABLE ELIGIBLE RE-  
17 TIREMENT PLANS OTHER THAN  
18 IRAs.—The aggregate amount of con-  
19 tributions made by an individual  
20 under subclause (I) to any applicable  
21 eligible retirement plan which is not  
22 an individual retirement plan shall not  
23 exceed the aggregate amount of eligi-  
24 ble distributions to a domestic abuse  
25 victim which are made from such plan

1 to such individual. Subclause (I) shall  
2 not apply to contributions to any ap-  
3 plicable eligible retirement plan which  
4 is not an individual retirement plan  
5 unless the individual is eligible to  
6 make contributions (other than those  
7 described in subclause (I)) to such ap-  
8 plicable eligible retirement plan.

9 “(III) TREATMENT OF REPAY-  
10 MENTS OF DISTRIBUTIONS FROM AP-  
11 PPLICABLE ELIGIBLE RETIREMENT  
12 PLANS OTHER THAN IRAS.—If a con-  
13 tribution is made under subclause (I)  
14 with respect to an eligible distribution  
15 to a domestic abuse victim from an  
16 applicable eligible retirement plan  
17 other than an individual retirement  
18 plan, then the taxpayer shall, to the  
19 extent of the amount of the contribu-  
20 tion, be treated as having received  
21 such distribution in an eligible rollover  
22 distribution (as defined in section  
23 402(c)(4)) and as having transferred  
24 the amount to the applicable eligible  
25 retirement plan in a direct trustee to

1 trustee transfer within 60 days of the  
2 distribution.

3 “(IV) TREATMENT OF REPAY-  
4 MENTS FOR DISTRIBUTIONS FROM  
5 IRAS.—If a contribution is made  
6 under subclause (I) with respect to an  
7 eligible distribution to a domestic  
8 abuse victim from an individual retire-  
9 ment plan, then, to the extent of the  
10 amount of the contribution, such dis-  
11 tribution shall be treated as a dis-  
12 tribution described in section  
13 408(d)(3) and as having been trans-  
14 ferred to the applicable eligible retire-  
15 ment plan in a direct trustee to trust-  
16 ee transfer within 60 days of the dis-  
17 tribution.

18 “(vi) DEFINITION AND SPECIAL  
19 RULES.—For purposes of this subpara-  
20 graph:

21 “(I) APPLICABLE ELIGIBLE RE-  
22 TIREMENT PLAN.—The term ‘applica-  
23 ble eligible retirement plan’ means an  
24 eligible retirement plan (as defined in  
25 section 402(c)(8)(B)) other than a de-

1           fined benefit plan or a plan to which  
2           sections 401(a)(11) and 417 apply.

3                   “(II) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE  
4                   TRANSFER AND WITHHOLDING  
5                   RULES.—For purposes of sections  
6                   401(a)(31), 402(f), and 3405, an eli-  
7                   gible distribution to a domestic abuse  
8                   victim shall not be treated as an eligi-  
9                   ble rollover distribution.  
10                   

11                   “(III) DISTRIBUTIONS TREATED  
12                   AS MEETING PLAN DISTRIBUTION RE-  
13                   QUIREMENTS; SELF-CERTIFICATION.—  
14                   Any distribution which the employee  
15                   or participant certifies as being an eli-  
16                   gible distribution to a domestic abuse  
17                   victim shall be treated as meeting the  
18                   requirements of sections  
19                   401(k)(2)(B)(i), 403(b)(7)(A)(i),  
20                   403(b)(11), and 457(d)(1)(A).”.

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

1 **SEC. 115. AMENDMENTS TO INCREASE BENEFIT ACCRUALS**  
2 **UNDER PLAN FOR PREVIOUS PLAN YEAR AL-**  
3 **LOWED UNTIL EMPLOYER TAX RETURN DUE**  
4 **DATE.**

5 (a) IN GENERAL.—Section 401(b) is amended by  
6 adding at the end the following new paragraph:

7 “(3) RETROACTIVE PLAN AMENDMENTS THAT  
8 INCREASE BENEFIT ACCRUALS.—If—

9 “(A) an employer amends a stock bonus,  
10 pension, profit-sharing, or annuity plan to in-  
11 crease benefits accrued under the plan effective  
12 as of any date during the immediately pre-  
13 ceding plan year (other than increasing the  
14 amount of matching contributions (as defined  
15 in subsection (m)(4)(A))),

16 “(B) such amendment would not otherwise  
17 cause the plan to fail to meet any of the re-  
18 quirements of this subchapter, and

19 “(C) such amendment is adopted before  
20 the time prescribed by law for filing the return  
21 of the employer for the taxable year (including  
22 extensions thereof) which includes the date de-  
23 scribed in subparagraph (A),

24 the employer may elect to treat such amendment as  
25 having been adopted as of the last day of the plan  
26 year in which the amendment is effective.”.

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

4 **SEC. 116. RETROACTIVE FIRST YEAR ELECTIVE DEFER-**  
5 **RAIS FOR SOLE PROPRIETORS.**

6 (a) IN GENERAL.—Section 401(b)(2) is amended by  
7 adding at the end the following: “In the case of an indi-  
8 vidual who owns the entire interest in an unincorporated  
9 trade or business, and who is the only employee of such  
10 trade or business, any elective deferrals (as defined in sec-  
11 tion 402(g)(3)) under a qualified cash or deferred ar-  
12 rangement to which the preceding sentence applies, which  
13 are made by such individual before the time for filing the  
14 return of such individual for the taxable year (determined  
15 without regard to any extensions) ending after or with the  
16 end of the plan’s first plan year, shall be treated as having  
17 been made before the end of such first plan year.”.

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

21 **SEC. 117. TREASURY GUIDANCE ON ROLLOVERS.**

22 Not later than January 1, 2025, the Secretary of the  
23 Treasury or the Secretary’s delegate shall, to simplify,  
24 standardize, and facilitate the completion of direct roll-  
25 overs from retirement plans and trustee-to-trustee trans-

1 fers from individual retirement plans (as defined in section  
2 7701(a)(37) of the Internal Revenue Code of 1986), de-  
3 velop and release—

4 (1) sample forms for direct rollovers of eligible  
5 rollover distributions from a retirement plan to an-  
6 other retirement plan or to an individual retirement  
7 plan which—

8 (A) are written in a manner calculated to  
9 be understood by the average person, and

10 (B) can be used by both distributing retire-  
11 ment plans and receiving retirement plans and  
12 individual retirement plans, and

13 (2) sample forms for trustee-to-trustee trans-  
14 fers of amounts from an individual retirement plan  
15 to another individual retirement plan or to a retire-  
16 ment plan which—

17 (A) are written in a manner calculated to  
18 be understood by the average person, and

19 (B) can be used by both transferring indi-  
20 vidual retirement plans and receiving retirement  
21 plans and individual retirement plans.

22 **SEC. 118. EXEMPTION FOR AUTOMATIC PORTABILITY**  
23 **TRANSACTIONS.**

24 (a) IN GENERAL.—Section 4975(d), as amended by  
25 this Act, is further amended—

1           (1) by striking “or” at the end of paragraph  
2           (23),

3           (2) by striking the period at the end of para-  
4           graph (24) and inserting “, or”, and

5           (3) by adding at the end the following new  
6           paragraph:

7           “(25) the receipt of fees and compensation by  
8           the automatic portability provider in connection with  
9           an automatic portability transaction.”.

10          (b) DEFINITIONS.—Section 4975(f) is amended by  
11         adding at the end the following new paragraph:

12           “(12) RULES RELATING TO AUTOMATIC PORT-  
13           ABILITY TRANSACTIONS.—

14           “(A) IN GENERAL.—For purposes of sub-  
15           section (d)(25)—

16           “(i) AUTOMATIC PORTABILITY TRANS-  
17           ACTION.—An automatic portability trans-  
18           action is a transfer of assets made—

19           “(I) from an individual retire-  
20           ment plan which is established on be-  
21           half of an individual and to which  
22           amounts were transferred under sec-  
23           tion 401(a)(31)(B)(i),

24           “(II) to an employer-sponsored  
25           retirement plan described in clause

1 (iii), (iv), (v), or (vi) of section  
2 402(c)(8)(B) (other than a defined  
3 benefit plan) in which such individual  
4 is an active participant, and

5 “(III) after such individual has  
6 been given advance notice of the  
7 transfer and has not affirmatively  
8 opted out of such transfer.

9 “(ii) AUTOMATIC PORTABILITY PRO-  
10 VIDER.—An automatic portability provider  
11 is a person that executes transfers de-  
12 scribed in clause (i).

13 “(B) CONDITIONS FOR AUTOMATIC PORT-  
14 ABILITY TRANSACTIONS.—Subsection (d)(25)  
15 shall not apply to an automatic portability  
16 transaction unless the following requirements  
17 are satisfied:

18 “(i) ACKNOWLEDGMENT OF FIDU-  
19 CIARY STATUS.—An automatic portability  
20 provider shall acknowledge in writing, at  
21 such time and format as specified by the  
22 Secretary, that the provider is a fiduciary  
23 with respect to the individual retirement  
24 plan described in subparagraph (A)(i)(I).

1                   “(ii) FEES.—The fees and compensa-  
2                   tion received by the automatic portability  
3                   provider in connection with the automatic  
4                   portability transaction (including any in-  
5                   crease in such fees or compensation) shall  
6                   not exceed reasonable compensation and  
7                   must be fully disclosed to and approved in  
8                   writing in advance of the transaction by a  
9                   plan fiduciary of the plan described in sub-  
10                  paragraph (A)(i)(II) which is independent  
11                  of the automatic portability provider.

12                  “(iii) DATA USAGE.—The automatic  
13                  portability provider shall not—

14                         “(I) market or sell data relating  
15                         to the individual retirement plan de-  
16                         scribed in subparagraph (A)(i)(I), or

17                         “(II) use such data for any pur-  
18                         pose other than the administration of  
19                         automatic portability transactions  
20                         without the express consent of a plan  
21                         fiduciary which is independent of the  
22                         automatic portability provider after  
23                         full disclosure by such provider of how  
24                         such data will be used.

1                   “(iv) OPEN PARTICIPATION.—The  
2                   automatic portability provider shall offer  
3                   automatic portability transactions on the  
4                   same terms to any plan described in sub-  
5                   paragraph (A)(i)(II) regardless of whether  
6                   the provider provides other services for  
7                   such plan.

8                   “(v) PRE-TRANSACTION NOTICE.—At  
9                   least 30 days in advance of an automatic  
10                  portability transaction, the automatic port-  
11                  ability provider shall provide notice to the  
12                  individual on whose behalf the individual  
13                  retirement plan described in subparagraph  
14                  (A)(i)(I) is established which includes—

15                         “(I) a description of the auto-  
16                         matic portability transaction and the  
17                         fees which will be charged in connec-  
18                         tion with the transaction,

19                         “(II) a description of the individ-  
20                         ual’s right to affirmatively elect not to  
21                         participate in the transaction, the pro-  
22                         cedures for such an election, and a  
23                         telephone number at which the indi-  
24                         vidual can contact the automatic port-  
25                         ability provider, and

1                   “(III) such other disclosures as  
2                   the Secretary may require by regula-  
3                   tion.

4                   “(vi) POST-TRANSACTION NOTICE.—  
5                   Not later than 3 business days after an  
6                   automatic portability transaction, the auto-  
7                   matic portability provider shall provide no-  
8                   tice to the individual on whose behalf the  
9                   individual retirement plan described in  
10                  subparagraph (A)(i)(I) is established of—

11                  “(I) the actions taken by the  
12                  automatic portability provider with re-  
13                  spect to the individual’s account,

14                  “(II) all relevant information re-  
15                  garding the location and amount of  
16                  any transferred assets,

17                  “(III) a statement of fees  
18                  charged against the account by the  
19                  automatic portability provider or its  
20                  affiliates in connection with the trans-  
21                  fer,

22                  “(IV) a telephone number at  
23                  which the individual can contact the  
24                  automatic portability provider, and

1                   “(V) such other disclosures as  
2                   the Secretary may require by regula-  
3                   tion.

4                   “(vii) NOTICE REQUIREMENTS.—The  
5                   notices required under clauses (v) and (vi)  
6                   shall be written in a manner calculated to  
7                   be understood by the average intended re-  
8                   cipient and shall not include materially  
9                   misleading statements.

10                  “(viii) TIMELINESS OF EXECUTION.—  
11                  After liquidating the assets of an indi-  
12                  vidual retirement plan described in sub-  
13                  paragraph (A)(i)(I) to cash, an automatic  
14                  portability provider shall transfer the ac-  
15                  count balance of such plan as soon as  
16                  practicable to the plan described in sub-  
17                  paragraph (A)(i)(II).

18                  “(ix) RECORD RETENTION AND AU-  
19                  DITS.—

20                  “(I) IN GENERAL.—An automatic  
21                  portability provider shall, for 6 years,  
22                  maintain the records sufficient to  
23                  demonstrate the terms of this sub-  
24                  paragraph have been met.

1                   “(II) AUDITS.—An automatic  
2                   portability provider shall conduct an  
3                   annual audit, in accordance with regu-  
4                   lations promulgated by the Secretary,  
5                   of automatic portability transactions  
6                   occurring during the calendar year to  
7                   demonstrate compliance with this sub-  
8                   paragraph, and shall submit such  
9                   audit annually to the Secretary, in  
10                  such form and manner as specified by  
11                  the Secretary.”.

12           (c) REGULATORY AUTHORITY.—Not later than July  
13 1, 2023, the Secretary of the Treasury (or such Sec-  
14 retary’s delegate) shall issue such regulations as may be  
15 necessary to carry out the purposes of the amendments  
16 made by this section, including regulations which—

17           (1) require an automatic portability provider to  
18           provide a notice to individuals on whose behalf the  
19           individual retirement plan described in paragraph  
20           (12)(A)(i)(I) of section 4975(f) of the Internal Rev-  
21           enue Code of 1986, as added by this section, is es-  
22           tablished in advance of the notices specified in para-  
23           graph (12)(B)(v) of such section, as so added,

24           (2) restrict the receipt of third party compensa-  
25           tion (other than a direct fee by an employer spon-

1 soring a plan which is in lieu of a fee imposed on  
2 an individual retirement plan owner) by an auto-  
3 matic portability provider in connection with an  
4 automatic portability transaction,

5 (3) prohibit exculpatory provisions in an auto-  
6 matic portability provider's contracts or communica-  
7 tions with individuals disclaiming or limiting its li-  
8 ability in the event that an automatic portability  
9 transaction results in an improper transfer,

10 (4) require an automatic portability provider to  
11 take actions necessary to reasonably ensure that  
12 participant and beneficiary data is current and accu-  
13 rate, and

14 (5) ensure that the appropriate participants  
15 and beneficiaries, in fact, receive all the required no-  
16 tices and disclosures until the assets are transferred  
17 to a new retirement plan account.

18 Any term used in this subsection which is used in para-  
19 graph (12) of section 4975(f) of such Code, as added by  
20 this section, has the same meaning as when used in such  
21 paragraph.

22 (d) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to transactions occurring after De-  
24 cember 31, 2023.

1 **SEC. 119. APPLICATION OF SECTION 415 LIMIT FOR CER-**  
2 **TAIN EMPLOYEES OF RURAL ELECTRIC CO-**  
3 **OPERATIVES.**

4 (a) IN GENERAL.—Section 415(b) is amended by  
5 adding at the end the following new paragraph:

6 “(12) SPECIAL RULE FOR CERTAIN EMPLOYEES  
7 OF RURAL ELECTRIC COOPERATIVES.—

8 “(A) IN GENERAL.—Subparagraph (B) of  
9 paragraph (1) shall not apply to a participant  
10 in an eligible rural electric cooperative plan, ex-  
11 cept in the case of a participant who was a  
12 highly compensated employee (as defined in sec-  
13 tion 414(q)) of the employer maintaining such  
14 plan for the earlier of—

15 “(i) the plan year in which the partici-  
16 pant terminated employment with such  
17 employer, or

18 “(ii) the plan year in which distribu-  
19 tions commence under the plan with re-  
20 spect to the participant, or

21 for any of the 5 plan years immediately pre-  
22 ceding such earlier plan year.

23 “(B) ELIGIBLE RURAL ELECTRIC COOPER-  
24 ATIVE PLAN.—For purposes of this para-  
25 graph—

1                   “(i) IN GENERAL.—The term ‘eligible  
2                   rural electric cooperative plan’ means a  
3                   plan maintained by more than 1 employer,  
4                   if at least 85 percent of the employers  
5                   maintaining the plan are rural cooperatives  
6                   described in clause (i) or (ii) of section  
7                   401(k)(7)(B) or are a national association  
8                   of such a rural cooperative.

9                   “(ii) ELECTION.—An employer main-  
10                  taining an eligible rural cooperative plan  
11                  may elect not to have subparagraph (A)  
12                  apply.

13                  “(C) REGULATIONS.—The Secretary shall  
14                  prescribe such regulations and other guidance  
15                  as are necessary to limit the application of sub-  
16                  paragraph (A) such that it does not result in  
17                  increased benefits for highly compensated em-  
18                  ployees.”.

19                  (b) EFFECTIVE DATE.—The amendment made by  
20                  this section shall apply to limitation years ending after the  
21                  date of the enactment of this Act.

22                  **SEC. 120. INSURANCE-DEDICATED EXCHANGE-TRADED**  
23                  **FUNDS.**

24                  (a) IN GENERAL.—Not later than the date which is  
25                  7 years after the date of the enactment of this Act, the

1 Secretary of the Treasury (or the Secretary’s delegate)  
2 shall amend the regulation issued by the Department of  
3 the Treasury relating to “Income Tax; Diversification Re-  
4 quirements for Variable Annuity, Endowment, and Life  
5 Insurance Contracts”, 54 Fed. Reg. 8728 (March 2,  
6 1989), and make any necessary corresponding amend-  
7 ments to other regulations, in order to facilitate the use  
8 of exchange-traded funds as investment options under  
9 variable contracts within the meaning of section 817(d)  
10 of the Internal Revenue Code of 1986, in accordance with  
11 subsections (b) and (c) of this section.

12 (b) DESIGNATE CERTAIN AUTHORIZED PARTICI-  
13 PANTS AND MARKET MAKERS AS ELIGIBLE INVESTORS.—  
14 The Secretary of the Treasury (or the Secretary’s dele-  
15 gate) shall amend Treas. Reg. section 1.817–5(f)(3) to  
16 provide that satisfaction of the requirements in Treas.  
17 Reg. section 1.817–5(f)(2)(i) with respect to an exchange-  
18 traded fund shall not be prevented by reason of beneficial  
19 interests in such a fund being held by 1 or more author-  
20 ized participants or market makers.

21 (c) DEFINE RELEVANT TERMS.—In amending Treas.  
22 Reg. section 1.817–5(f)(3) in accordance with subsection  
23 (b), the Secretary of the Treasury (or the Secretary’s dele-  
24 gate) shall provide definitions consistent with the fol-  
25 lowing:

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

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

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

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

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

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

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

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

20 (d) EFFECTIVE DATE.—This section shall apply to  
21 segregated asset account investments made on or after the  
22 date which is 7 years after the date of the enactment of  
23 this Act.

1 **SEC. 121. MODIFICATION OF AGE REQUIREMENT FOR**  
2 **QUALIFIED ABLE PROGRAMS.**

3 (a) IN GENERAL.—Section 529A(e) is amended by  
4 striking “age 26” each place it appears in paragraphs  
5 (1)(A) and (2)(A)(i)(II) and inserting “age 46”.

6 (b) EFFECTIVE DATE.—The amendments made by  
7 this section shall apply to taxable years beginning after  
8 December 31, 2025.

9 **SEC. 122. ASSIST SAVERS IN RECOVERING UNCLAIMED SAV-**  
10 **INGS BONDS.**

11 Section 3105 of title 31, United States Code, is  
12 amended by adding at the end the following:

13 “(f)(1) The Secretary shall provide each State, in dig-  
14 ital or other electronic form (including digital images),  
15 with all information concerning any applicable savings  
16 bond which is registered to an owner with a last known  
17 address that is within such State, including the serial  
18 number of the bond, the name and last known address  
19 of such owner, and all records of any transactions involv-  
20 ing such bond.

21 “(2)(A) The Secretary shall prescribe such regula-  
22 tions or other guidance as may be necessary to carry out  
23 the purposes of this subsection, including rules to—

24 “(i) protect the privacy of the owners of  
25 applicable savings bonds; and

1           “(ii) ensure that any information provided  
2           to a State under this subsection shall be used  
3           solely to carry out the purposes of this sub-  
4           section.

5           “(B) Any regulations or guidance prescribed by  
6           the Secretary pursuant to subparagraph (A) shall  
7           not have the effect of prohibiting, restricting, or oth-  
8           erwise preventing a State from obtaining all infor-  
9           mation described in paragraph (1).

10          “(3) Not later than 12 months after the date of en-  
11          actment of this subsection, and annually thereafter, the  
12          Secretary shall submit to the Committee on Appropria-  
13          tions and the Committee on Finance of the Senate a re-  
14          port assessing all efforts to satisfy the requirement under  
15          paragraph (1).

16          “(4) Any State that receives information described in  
17          paragraph (1) with respect to an applicable savings bond  
18          may use such information to locate the registered owner  
19          of such bond pursuant to the same standards and require-  
20          ments as are applicable under the abandoned property  
21          rules and regulations of such State.

22          “(5) For purposes of this subsection, the term ‘appli-  
23          cable savings bond’ means a matured savings bond, and  
24          all payment of such bond, including interest, for which  
25          such bond—

1           “(A) was originally in paper, paperless, or elec-  
2           tronic form; and

3           “(B) has not been redeemed by the registered  
4           owner.”.

## 5           **TITLE II—RETIRES**

### 6           **SEC. 201. INCREASE IN AGE FOR REQUIRED BEGINNING** 7           **DATE FOR MANDATORY DISTRIBUTIONS.**

8           (a) INCREASE IN AGE FOR REQUIRED BEGINNING  
9           DATE.—

10           (1) IN GENERAL.—Subclause (I) of section  
11           401(a)(9)(C)(i) is amended to read as follows:

12                           “(I) the first calendar year in  
13                           which the employee attains the appli-  
14                           cable age for such calendar year, or”.

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

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

23                           “(J) APPLICABLE AGE.—For purposes of  
24                           this paragraph—

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

3 “(I) for calendar years before  
4 2032, age 72, and

5 “(II) for calendar years after  
6 2031, age 75.

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

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

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

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

4 **SEC. 202. QUALIFYING LONGEVITY ANNUITY CONTRACTS.**

5 (a) IN GENERAL.—Not later than the date which is  
6 18 months after the date of the enactment of this Act,  
7 the Secretary of the Treasury (or the Secretary’s delegate)  
8 shall amend the regulation issued by the Department of  
9 the Treasury relating to “Longevity Annuity Contracts”  
10 (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

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

21 (2) INCREASE DOLLAR LIMITATION.—

22 (A) IN GENERAL.—The Secretary (or dele-  
23 gate) shall amend Q&A–17(b)(2)(i) of Treas.  
24 Reg. section 1.401(a)(9)–6 and Q&A–  
25 12(b)(2)(i) of Treas. Reg. section 1.408–8 to

1 increase the dollar limitation on premiums for  
2 qualifying longevity annuity contracts from  
3 \$125,000 to \$200,000, and to make such cor-  
4 responding changes to the regulations and re-  
5 lated forms as are necessary to reflect this in-  
6 crease in the dollar limitation.

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

23 (3) FACILITATE JOINT AND SURVIVOR BENE-  
24 FITS.—The Secretary (or delegate) shall amend  
25 Q&A–17(c) of Treas. Reg. section 1.401(a)(9)–6,

1 and make such corresponding changes to the regula-  
2 tions and related forms as are necessary, to provide  
3 that, in the case of a qualifying longevity annuity  
4 contract which was purchased with joint and sur-  
5 vivor annuity benefits for the individual and the in-  
6 dividual's spouse which were permissible under the  
7 regulations at the time the contract was originally  
8 purchased, a divorce occurring after the original  
9 purchase and before the annuity payments com-  
10 mence under the contract will not affect the permis-  
11 sibility of the joint and survivor annuity benefits or  
12 other benefits under the contract, or require any ad-  
13 justment to the amount or duration of benefits pay-  
14 able under the contract, provided that any qualified  
15 domestic relations order (within the meaning of sec-  
16 tion 414(p) of the Internal Revenue Code of 1986)  
17 or, in the case of an arrangement not subject to sec-  
18 tion 414(p) of such Code or section 206(d) of the  
19 Employee Retirement Income Security Act of 1974,  
20 any divorce or separation instrument (as defined in  
21 subsection (b))—

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

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

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

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

14 (b) DIVORCE OR SEPARATION INSTRUMENT.—For  
15 purposes of subsection (a)(2), the term “divorce or separa-  
16 tion instrument” means—

17 (1) a decree of divorce or separate maintenance  
18 or a written instrument incident to such a decree;

19 (2) a written separation agreement; or

20 (3) a decree (not described in paragraph (1))  
21 requiring a spouse to make payments for the sup-  
22 port or maintenance of the other spouse.

23 (c) EFFECTIVE DATES, ENFORCEMENT, AND INTER-  
24 PRETATIONS.—

25 (1) EFFECTIVE DATES.—

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

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

9           (2) ENFORCEMENT AND INTERPRETATIONS.—  
10          Prior to the date on which the Secretary of the  
11          Treasury issues final regulations pursuant to sub-  
12          section (a)—

13                 (A) the Secretary (or delegate) shall ad-  
14                 minister and enforce the law in accordance with  
15                 subsection (a) and the effective dates in para-  
16                 graph (1) of this subsection; and

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

19          (d) REGULATORY SUCCESSOR PROVISION.—Any ref-  
20          erence to a regulation under this section shall be treated  
21          as including a reference to any successor regulation there-  
22          to.

1 **SEC. 203. REMOVE REQUIRED MINIMUM DISTRIBUTION**  
2 **BARRIERS FOR LIFE ANNUITIES.**

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

6 “(K) CERTAIN INCREASES IN PAYMENTS  
7 UNDER A COMMERCIAL ANNUITY.—Nothing in  
8 this section shall prohibit a commercial annuity  
9 (within the meaning of section 3405(e)(6)) that  
10 is issued in connection with any eligible retire-  
11 ment plan (within the meaning of section  
12 402(c)(8)(B), other than a defined benefit plan)  
13 from providing one or more of the following  
14 types of payments on or after the annuity start-  
15 ing date:

16 “(i) annuity payments that increase  
17 by a constant percentage, applied not less  
18 frequently than annually, at a rate that is  
19 less than 5 percent per year,

20 “(ii) a lump sum payment that—

21 “(I) results in a shortening of the  
22 payment period with respect to an an-  
23 nuity or a full or partial commutation  
24 of the future annuity payments, pro-  
25 vided that such lump sum is deter-  
26 mined using reasonable actuarial

1 methods and assumptions, as deter-  
2 mined in good faith by the issuer of  
3 the contract, or

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

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

22 “(iv) a final payment upon death that  
23 does not exceed the excess of the total  
24 amount of the consideration paid for the  
25 annuity payments, less the aggregate

1 amount of prior distributions or payments  
2 from or under the contract.”.

3 (b) EFFECTIVE DATE.—This section shall take effect  
4 on the date of the enactment of this Act.

5 **SEC. 204. ELIMINATING A PENALTY ON PARTIAL**  
6 **ANNUITIZATION.**

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

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

19 (1) TOTAL REQUIRED AMOUNT.—The term  
20 “total required amount”, with respect to a year,  
21 means the amount which would be required to be  
22 distributed under Treas. Reg. section 1.401(a)(9)–5  
23 (or any successor regulation) for the year, deter-  
24 mined by treating the account balance as of the last  
25 valuation date in the immediately preceding calendar

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

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

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

1 (d) EFFECTIVE DATE.—The modifications and  
2 amendments required under subsections (a) and (c) shall  
3 be deemed to have been made as of the date of the enact-  
4 ment of this Act, and as of such date—

5 (1) all applicable laws shall be applied in all re-  
6 spects as though the actions which the Secretary of  
7 the Treasury (or the Secretary’s delegate) is re-  
8 quired to take under such subsections had been  
9 taken, and

10 (2) until such time as such actions are taken,  
11 taxpayers may rely upon their reasonable good faith  
12 interpretations of this section.

13 **SEC. 205. REDUCTION IN EXCISE TAX ON CERTAIN ACCU-**  
14 **MULATIONS IN QUALIFIED RETIREMENT**  
15 **PLANS.**

16 (a) IN GENERAL.—Section 4974(a) is amended by  
17 striking “50 percent” and inserting “25 percent”.

18 (b) REDUCTION IN EXCISE TAX ON FAILURES TO  
19 TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section  
20 4974 is amended by adding at the end the following new  
21 subsection:

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

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

1           “(A) receives a distribution, during the  
2           correction window, of the amount which re-  
3           sulted in imposition of a tax under subsection  
4           (a) from the same plan to which such tax re-  
5           lates, and

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

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

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

17               “(A) the date of mailing a notice of defi-  
18               ciency with respect to the tax imposed by sub-  
19               section (a) under section 6212,

20               “(B) the date on which the tax imposed by  
21               subsection (a) is assessed, or

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

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

4 **SEC. 206. CLARIFICATION OF SUBSTANTIALLY EQUAL PERI-**  
5 **ODIC PAYMENT RULE.**

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

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

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

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

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

24 such transfer or rollover shall not be treated as  
25 a modification under subparagraph (A)(ii), and

1 compliance with paragraph (2)(A)(iv) shall be  
2 determined on the basis of the combined dis-  
3 tributions described in clause (iii).”.

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

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

9 (2) by redesignating subparagraphs (A) and  
10 (B) as clauses (i) and (ii), by moving such clauses  
11 2 ems to the right, and by adjusting the flush lan-  
12 guage at the end accordingly;

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

15 “(A) IN GENERAL.—If—”; and

16 (4) by adding at the end the following new sub-  
17 paragraph:

18 “(B) EXCHANGES TO SUBSEQUENT CON-  
19 TRACTS.—If—

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

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

1                   “(iii) the aggregate distributions from  
2                   the contracts involved in the exchange con-  
3                   tinue to satisfy the requirements of para-  
4                   graph (2)(D) as if the exchange had not  
5                   taken place,  
6                   such exchange shall not be treated as a modi-  
7                   fication under subparagraph (A)(ii), and com-  
8                   pliance with paragraph (2)(D) shall be deter-  
9                   mined on the basis of the combined distribu-  
10                  tions described in clause (iii).”.

11           (c) INFORMATION REPORTING.—Section 6724 is  
12 amended by inserting at the end the following new sub-  
13 section:

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

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

20                   “(2) such distribution is made following a roll-  
21                   over, transfer, or exchange described in section  
22                   72(t)(4)(C) or section 72(q)(3)(C),

23                   “(3) in making such return or report the person  
24                   relies upon a certification provided by the taxpayer  
25                   that the distributions satisfy the requirements of

1 section 72(t)(4)(C)(iii) or section 72(q)(3)(B)(iii), as  
2 applicable, and

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

6 (d) SAFE HARBOR FOR ANNUITY PAYMENTS.—

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

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

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

21 “For purposes of subparagraph (D), periodic pay-  
22 ments shall not fail to be treated as substantially  
23 equal merely because they are amounts received as  
24 an annuity, and such periodic payments shall be  
25 deemed to be substantially equal if they are payable

1 over a period described in subparagraph (D) and  
2 would satisfy the requirements applicable to annuity  
3 payments under section 401(a)(9) if such require-  
4 ments applied.”.

5 (e) EFFECTIVE DATES.—

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

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

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

18 **SEC. 207. RECOVERY OF RETIREMENT PLAN OVERPAY-**  
19 **MENTS.**

20 (a) QUALIFICATION REQUIREMENTS.—Section 414 is  
21 amended by adding at the end the following new sub-  
22 section:

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

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

6           “(A) the plan fails to obtain payment from  
7 any participant, beneficiary, employer, plan  
8 sponsor, fiduciary, or other party on account of  
9 any inadvertent benefit overpayment made by  
10 the plan, or

11           “(B) the plan sponsor amends the plan to  
12 increase past or future benefit payments to af-  
13 fected participants and beneficiaries in order to  
14 adjust for prior inadvertent benefit overpay-  
15 ments.

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

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

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

1           “(3) EMPLOYER FUNDING OBLIGATIONS.—

2           Nothing in this subsection shall relieve an employer  
3           of any obligation imposed on it to make contribu-  
4           tions to a plan to satisfy the minimum funding  
5           standards under sections 412 and 430 or to prevent  
6           or restore an impermissible forfeiture in accordance  
7           with section 411.

8           “(4) OBSERVANCE OF BENEFIT LIMITATIONS.—

9           Notwithstanding paragraph (1), a plan to which  
10          paragraph (1) applies shall observe any limitations  
11          imposed on it by section 401(a)(17) or 415. The  
12          plan may enforce such limitations using any method  
13          approved by the Secretary for recouping benefits  
14          previously paid or allocations previously made in ex-  
15          cess of such limitations.

16          “(5) COORDINATION WITH OTHER QUALIFICA-

17          TION REQUIREMENTS.—The Secretary may issue  
18          regulations or other guidance of general applicability  
19          specifying how benefit overpayments and their  
20          recoupment or non-recoupment from a participant or  
21          beneficiary shall be taken into account for purposes  
22          of satisfying any requirement applicable to a plan to  
23          which paragraph (1) applies.”.

24          (b) ROLLOVERS.—Section 402(c) is amended by add-  
25          ing at the end the following new paragraph:

1           “(12) In the case of an inadvertent benefit  
2 overpayment from a plan to which section  
3 414(aa)(1) applies which is transferred to an eligible  
4 retirement plan by or on behalf of a participant or  
5 beneficiary—

6           “(A) the portion of such overpayment with  
7 respect to which recoupment is not sought on  
8 behalf of the plan shall be treated as having  
9 been paid in an eligible rollover distribution if  
10 the payment would have been an eligible roll-  
11 over distribution but for being an overpayment,  
12 and

13           “(B) the portion of such overpayment with  
14 respect to which recoupment is sought on behalf  
15 of the plan shall be permitted to be returned to  
16 such plan and in such case shall be treated as  
17 an eligible rollover distribution transferred to  
18 such plan by the participant or beneficiary who  
19 received such overpayment (and the plans mak-  
20 ing and receiving such transfer shall be treated  
21 as permitting such transfer).”.

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

1 (d) CERTAIN ACTIONS BEFORE EFFECTIVE DATE.—  
2 Plans, fiduciaries, employers, and plan sponsors are enti-  
3 tled to rely on a reasonable good faith interpretation of  
4 then existing administrative guidance for inadvertent ben-  
5 efit overpayment recoupments and recoveries that com-  
6 menced before the first day of the first plan year begin-  
7 ning after the date of the enactment of this Act.

8 **SEC. 208. RETIREMENT SAVINGS LOST AND FOUND.**

9 (a) RETIREMENT SAVINGS LOST AND FOUND.—

10 (1) ESTABLISHMENT.—

11 (A) IN GENERAL.—Not later than 3 years  
12 after the date of the enactment of this Act, the  
13 Secretary of the Treasury, in consultation with  
14 the Secretary of Labor, the Secretary of Com-  
15 merce, and the Director of the Pension Benefit  
16 Guaranty Corporation, shall establish an online  
17 searchable database (to be managed by the Sec-  
18 retary of the Treasury in accordance with sec-  
19 tion 7901 of the Internal Revenue Code of  
20 1986) to be known as the “Retirement Savings  
21 Lost and Found”. The Retirement Savings  
22 Lost and Found shall—

23 (i) allow an individual to search for  
24 information that enables the individual to  
25 locate the plan administrator of any plans

1 with respect to which the individual is or  
2 was a participant or beneficiary, and to  
3 provide contact information for the plan  
4 administrator of any plan described in sub-  
5 paragraph (B);

6 (ii) allow the Secretary of the Treas-  
7 ury to assist such an individual in locating  
8 any plan of the individual; and

9 (iii) allow the Secretary of the Treas-  
10 ury to make any necessary changes to con-  
11 tact information on record for the plan ad-  
12 ministrator based on any changes to the  
13 plan due to merger or consolidation of the  
14 plan with any other plan, division of the  
15 plan into two or more plans, bankruptcy,  
16 termination, change in name of the plan,  
17 change in name or address of the plan ad-  
18 ministrator, or other causes.

19 The Retirement Savings Lost and Found estab-  
20 lished under this paragraph shall include infor-  
21 mation reported under section 7901 of such  
22 Code and other relevant information obtained  
23 by the Secretary of the Treasury.

24 (B) PLANS DESCRIBED.—A plan described  
25 in this subparagraph is a plan to which the

1 vesting standards of section 411 of the Internal  
2 Revenue Code of 1986 apply.

3 (2) ADMINISTRATION.—The Retirement Sav-  
4 ings Lost and Found established under paragraph  
5 (1) shall provide individuals described in paragraph  
6 (1)(A) only with the ability to view contact informa-  
7 tion for the plan administrator of any plan with re-  
8 spect to which the individual is or was a participant  
9 or beneficiary, sufficient to allow the individual to lo-  
10 cate the individual’s plan in order to recover any  
11 benefit owing to the individual under the plan.

12 (3) SAFEGUARDING PARTICIPANT PRIVACY AND  
13 SECURITY.—

14 (A) IN GENERAL.—In establishing the Re-  
15 tirement Savings Lost and Found under para-  
16 graph (1), the Secretary of the Treasury, in  
17 consultation with the Secretary of Labor, the  
18 Secretary of Commerce, and the Director of the  
19 Pension Benefit Guaranty Corporation, shall  
20 take all necessary and proper precautions to en-  
21 sure that individuals’ plan information main-  
22 tained by the Retirement Savings Lost and  
23 Found is protected and that persons other than  
24 the individual cannot fraudulently claim the  
25 benefits to which any individual is entitled, and

1 to allow any individual to opt out of inclusion  
2 in the Retirement Savings Lost and Found at  
3 the election of the individual.

4 (B) DISCLOSURE.—The Secretary of the  
5 Treasury may, through regulations or other  
6 guidance—

7 (i) authorize disclosure to the agencies  
8 jointly administering the Retirement Sav-  
9 ings Lost and Found of such return infor-  
10 mation as is necessary to administer the  
11 Retirement Savings Lost and Found data-  
12 base, but only to such employees whose of-  
13 ficial duties with respect to the database  
14 require such disclosure, and

15 (ii) authorize disclosure to plan par-  
16 ticipants and beneficiaries of the contact  
17 information for the plan administrator of  
18 any plan with respect to which such indi-  
19 viduals are or were a participant or bene-  
20 ficiary.

21 (4) SECRETARY.—Any reference in this sub-  
22 section to the Secretary of the Treasury includes  
23 such Secretary's delegate.

24 (b) OFFICE OF THE RETIREMENT SAVINGS LOST  
25 AND FOUND.—

1           (1) IN GENERAL.—Subtitle F is amended by  
2           adding at the end the following new chapter:

3           **“CHAPTER 81—OFFICE OF THE**  
4           **RETIREMENT SAVINGS LOST AND FOUND**

“Sec. 7901. Office of the Retirement Savings Lost and Found.

5           **“SEC. 7901. OFFICE OF THE RETIREMENT SAVINGS LOST**  
6           **AND FOUND.**

7           “(a) ESTABLISHMENT; RESPONSIBILITIES OF OF-  
8           FICE.—

9           “(1) IN GENERAL.—Not later than 2 years  
10          after the date of the enactment of this section, the  
11          Secretary shall establish within the Department of  
12          the Treasury an Office of the Retirement Savings  
13          Lost and Found (in this section referred to as the  
14          ‘Office’).

15          “(2) RESPONSIBILITIES OF OFFICE.—The Of-  
16          fice shall—

17                 “(A) carry out subsection (b),

18                 “(B) maintain the Retirement Savings  
19          Lost and Found established under section  
20          208(a) of the Enhancing American Retirement  
21          Now Act, and

22                 “(C) perform an annual audit of plan in-  
23          formation contained in the Retirement Savings

1           Lost and Found and ensure that such informa-  
2           tion is current and accurate.

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

5           “(1) GENERAL RULE.—

6           “(A) TRANSFER TO THE OFFICE OF THE  
7 RETIREMENT SAVINGS LOST AND FOUND.—The  
8 administrator of a plan which is not terminated  
9 and to which section 401(a)(31)(B) applies  
10 shall transfer to the Office the amount required  
11 to be transferred under section  
12 401(a)(31)(B)(iv) for a non-responsive partici-  
13 pant.

14           “(B) INFORMATION AND PAYMENT TO THE  
15 OFFICE.—Upon making a transfer under sub-  
16 paragraph (A), the plan administrator shall  
17 provide such information and certifications as  
18 the Office shall specify, including with respect  
19 to the transferred amount and the non-respon-  
20 sive participant.

21           “(C) INFORMATION REQUIREMENTS AFTER  
22 TRANSFER.—In the event that, after a transfer  
23 is made under subparagraph (A), the relevant  
24 non-responsive participant contacts the plan ad-  
25 ministrator or the plan administrator discovers

1 information that may assist the Office in locat-  
2 ing the non-responsive participant, the plan ad-  
3 ministrator shall notify and provide such infor-  
4 mation as the Office shall specify to the Office.

5 “(D) SEARCH AND PAYMENT BY THE OF-  
6 FICE FOLLOWING TRANSFER.—The Office shall  
7 periodically, and upon receiving information de-  
8 scribed in subparagraph (C), conduct a search  
9 for the non-responsive participant for whom the  
10 Office has received a transfer under subpara-  
11 graph (A). Upon location of a non-responsive  
12 participant who claims benefits, the Office shall  
13 make a single payment to the non-responsive  
14 participant in an amount equal to the sum of—

15 “(i) the amount transferred to the Of-  
16 fice under subparagraph (A) for such par-  
17 ticipant, and

18 “(ii) any earnings on the amount de-  
19 scribed in clause (i)

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

1           “(A) who is entitled to a benefit subject to  
2           a mandatory transfer under section  
3           401(a)(31)(B)(iii), and

4           “(B) for whom the plan has satisfied the  
5           conditions in section 401(a)(31)(B)(iv).

6           “(3) REGULATORY AUTHORITY.—The Secretary  
7           shall prescribe such regulations as are necessary to  
8           carry out the purposes of this section, including  
9           rules relating to the amount payable to the Office  
10          and the amount to be paid by the Office.

11          “(c) INFORMATION COLLECTION.—Within such pe-  
12          riod after the end of a plan year as the Secretary may  
13          by regulations prescribe, the administrator of a plan to  
14          which the vesting standards of section 411 apply shall sub-  
15          mit to the Office in such form as the Secretary may re-  
16          quire—

17                 “(1) the information described in paragraphs  
18                 (1) through (4) of section 6057(b),

19                 “(2) the information described in subpara-  
20                 graphs (A), (B), (E), and (F) of section 6057(a)(2),  
21                 and

22                 “(3) such other information as the Secretary  
23                 may require.

24          “(d) EFFECTIVE DATE.—The requirements of sub-  
25          sections (b) and (c) shall apply with respect to plan years

1 beginning after the second December 31 occurring after  
2 the date of the enactment of this section.

3 “(e) ESTABLISHMENT OF FUND.—

4 “(1) IN GENERAL.—A fund shall be established  
5 within the Treasury for the payment of benefits  
6 under subsection (b)(1)(D). Such fund shall be cred-  
7 ited with the appropriate—

8 “(A) amounts transferred to the Office of  
9 the Retirement Savings Lost and Found under  
10 subsection (b)(1)(A), and

11 “(B) earnings on investments of the fund  
12 or on assets credited to the fund.

13 “(2) INVESTMENT OF FUNDS.—Whenever the  
14 Secretary determines that the moneys of any fund  
15 are in excess of current needs, the Secretary may in-  
16 vest such amounts as the Secretary determines ad-  
17 visable in obligations issued or guaranteed by the  
18 United States.”.

19 (2) CONFORMING AMENDMENT.—The table of  
20 chapters for subtitle F is amended by adding at the  
21 end the following new item:

“CHAPTER 81—OFFICE OF THE RETIREMENT SAVINGS LOST AND FOUND”.

22 (c) MANDATORY TRANSFERS OF ROLLOVER DIS-  
23 TRIBUTIONS.—

1           (1) CAP.—Sections 401(a)(31)(B)(ii) and  
2           411(a)(11)(A) are each amended by striking  
3           “\$5,000” and inserting “\$6,000”.

4           (2) DISTRIBUTION OF LARGER AMOUNTS TO IN-  
5           DIVIDUAL RETIREMENT PLANS ONLY.—Section  
6           401(a)(31)(B)(i) is amended by adding at the end  
7           the following: “The Retirement Savings Lost and  
8           Found established by section 208 of the Enhancing  
9           American Retirement Now Act shall not be treated  
10          as a trustee or issuer which is eligible to receive such  
11          distributions.”.

12          (3) LESSER AMOUNTS.—Section 401(a)(31)(B)  
13          is amended by adding at the end the following new  
14          clauses:

15                   “(iii) TREATMENT OF LESSER  
16                   AMOUNTS.—In the case of a trust which is  
17                   part of an eligible plan, such trust shall  
18                   not be a qualified trust under this section  
19                   unless such plan provides that, if a partici-  
20                   pant in the plan separates from the service  
21                   covered by the plan and the nonforfeitable  
22                   accrued benefit described in clause (ii) is  
23                   not in excess of \$1,000, the plan adminis-  
24                   trator shall (either separately or as part of  
25                   the notice under section 402(f)) notify the

1 participant that the participant is entitled  
2 to such benefit or attempt to pay the ben-  
3 efit directly to the participant.

4 “(iv) TRANSFERS TO RETIREMENT  
5 SAVINGS LOST AND FOUND.—If, after a  
6 plan administrator takes the action re-  
7 quired under clause (iii), the participant  
8 does not—

9 “(I) within 6 months of the noti-  
10 fication under such clause, make an  
11 election under subparagraph (A) or  
12 elect to receive a distribution of the  
13 benefit directly, or

14 “(II) accept any direct payment  
15 made under such clause within 6  
16 months of the attempted payment,  
17 the plan administrator shall transfer the  
18 amount of such benefit to the Office of the  
19 Retirement Savings Lost and Found in ac-  
20 cordance with section 7901.

21 “(v) INCOME TAX TREATMENT OF  
22 TRANSFERS TO RETIREMENT SAVINGS  
23 LOST AND FOUND.—For purposes of deter-  
24 mining the income tax treatment of trans-

1                   fers to the Office of the Retirement Sav-  
2                   ings Lost and Found under clause (iv)—

3                   “**(I)** such a transfer shall be  
4                   treated as a transfer to an individual  
5                   retirement plan under clause (i), and

6                   “**(II)** the distribution of such  
7                   amounts by the Office of the Retire-  
8                   ment Savings Lost and Found shall  
9                   be treated as a distribution from an  
10                  individual retirement plan.”.

11                  **(4) EFFECTIVE DATE.**—The amendments made  
12                  by this subsection shall apply to vested benefits with  
13                  respect to participants who separate from service  
14                  connected to the plan in plan years beginning after  
15                  the second December 31 occurring after the date of  
16                  the enactment of this Act.

17                  **(d) BETTER REPORTING FOR MANDATORY TRANS-**  
18                  **FERS.**—

19                  **(1) IN GENERAL.**—Paragraph (2) of section  
20                  6057(a) is amended—

21                  **(A)** in subparagraph (C)—

22                          (i) by striking “during such plan  
23                          year” in clause (i) and inserting “during  
24                          the plan year immediately preceding such  
25                          plan year”;

1 (ii) by adding “and” at the end of  
2 clause (i); and

3 (iii) by striking clause (iii);

4 (B) by redesignating subparagraph (E) as  
5 subparagraph (G);

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

8 (D) by inserting after subparagraph (D)  
9 the following new subparagraphs:

10 “(E) the name and taxpayer identifying  
11 number of each participant or former partici-  
12 pant in the plan—

13 “(i) who, during the current plan year  
14 or any previous plan year, was reported  
15 under subparagraph (C), and with respect  
16 to whom the benefits described in subpara-  
17 graph (C)(ii) were fully paid during the  
18 plan year,

19 “(ii) with respect to whom any  
20 amount was distributed under section  
21 401(a)(31)(B) during the plan year, or

22 “(iii) with respect to whom a deferred  
23 annuity contract was distributed during  
24 the plan year,

1           “(F) in the case of a participant or former  
2 participant to whom subparagraph (E) ap-  
3 plies—

4           “(i) in the case of a participant de-  
5 scribed in clause (ii) thereof, the name and  
6 address of the designated trustee or issuer  
7 described in section 401(a)(31)(B)(i) and  
8 the account number of the individual re-  
9 tirement plan to which the amount was  
10 distributed, and

11           “(ii) in the case of a participant de-  
12 scribed in clause (iii) thereof, the name  
13 and address of the issuer of such annuity  
14 contract and the contract or certificate  
15 number, and”.

16           (2) RULES RELATING TO DIRECT TRUSTEE-TO-  
17 TRUSTEE TRANSFERS.—

18           (A) IN GENERAL.—Paragraph (6) of sec-  
19 tion 402(e) is amended—

20           (i) by striking “TRANSFERS.—Any”  
21 and inserting “TRANSFERS.—

22 “(A) IN GENERAL.—Any”; and

23           (ii) by adding at the end the following  
24 new subparagraph:

1           “(B) NOTIFICATION OF TRUSTEE.—In the  
2 case of a distribution under section  
3 401(a)(31)(B), the plan administrator shall no-  
4 tify the designated trustee or issuer described  
5 in clause (i) thereof that the transfer is a man-  
6 datory distribution required by such section.”.

7           (B) PENALTY.—Subsection (i) of section  
8 6652 is amended—

9           (i) by striking “TO RECIPIENTS” in  
10 the heading and inserting “OR NOTIFICA-  
11 TION”;

12           (ii) by striking “402(f),” and insert-  
13 ing “402(f) or a notification as required by  
14 section 402(e)(6)(B),”; and

15           (iii) by striking “such written expla-  
16 nation” and inserting “such written expla-  
17 nation or notification”.

18           (C) REPORTS.—Subsection (i) of section  
19 408 is amended—

20           (i) by redesignating subparagraphs  
21 (A) and (B) of paragraph (2) as clauses (i)  
22 and (ii), respectively, and by moving such  
23 clauses 2 ems to the right;

24           (ii) by redesignating paragraphs (1)  
25 and (2) as subparagraphs (A) and (B), re-

1                   spectively, and by moving such subpara-  
2                   graphs 2 ems to the right; and

3                   (iii) by striking “as the Secretary pre-  
4                   scribes” in subparagraph (B)(ii), as so re-  
5                   designated, and all that follows through “a  
6                   simple retirement account” and inserting  
7                   “as the Secretary prescribes.

8                   “(3) SIMPLE RETIREMENT ACCOUNTS.—In the  
9                   case of a simple retirement account”;

10                  (iv) by striking “REPORTS.—The  
11                  trustee of” and inserting “REPORTS.—

12                  “(1) IN GENERAL.—The trustee of”;

13                  (v) by striking “under paragraph (2)”  
14                  in paragraph (3), as redesignated by clause  
15                  (iii), and inserting “under paragraph  
16                  (1)(B)”;

17                  (vi) by inserting after paragraph  
18                  (1)(B)(ii), as redesignated by the pre-  
19                  ceding clauses, the following new para-  
20                  graph:

21                  “(2) MANDATORY DISTRIBUTIONS.—In the case  
22                  of an account, contract, or annuity to which a trans-  
23                  fer under section 401(a)(31)(B) is made (including  
24                  a transfer from the individual retirement plan to  
25                  which the original transfer under such section was

1 made to another individual retirement plan), the re-  
2 port required by this subsection for the year of the  
3 transfer and any year in which the information pre-  
4 viously reported in subparagraph (B) changes  
5 shall—

6 “(A) identify such transfer as a mandatory  
7 distribution required by such section, and

8 “(B) include the name, address, and tax-  
9 payer identifying number of the trustee or  
10 issuer of the individual retirement plan to which  
11 the amount is transferred.”.

12 (3) NOTIFICATION OF PARTICIPANTS UPON SEP-  
13 ARATION.—Subsection (e) of section 6057 is amend-  
14 ed by inserting “, and, with respect to any benefit  
15 of the individual subject to section 401(a)(31)(B), a  
16 notice of availability of, and the contact information  
17 for, the Retirement Savings Lost and Found estab-  
18 lished under section 208(a) of the Enhancing Amer-  
19 ican Retirement Now Act” before the period at the  
20 end of the second sentence.

21 (4) EFFECTIVE DATE.—The amendments made  
22 by this subsection shall apply to distributions made  
23 in, and returns and reports relating to, years begin-  
24 ning after the second December 31 occurring after  
25 the date of the enactment of this Act.

1 (e) REQUIREMENT OF ELECTRONIC FILING.—

2 (1) IN GENERAL.—Paragraph (2) of section  
3 6011(e) is amended—

4 (A) by redesignating subparagraphs (A)  
5 and (B) as clauses (i) and (ii), respectively, and  
6 by moving such clauses 2 ems to the right;

7 (B) by striking “REGULATIONS.—In pre-  
8 scribing” and inserting “REGULATIONS.—

9 “(A) IN GENERAL.—In prescribing”; and

10 (C) by adding at the end the following new  
11 subparagraph:

12 “(C) EXCEPTIONS.—Notwithstanding sub-  
13 paragraph (A), the Secretary shall require re-  
14 turns or reports required under—

15 “(i) sections 6057, 6058, and 6059,  
16 and

17 “(ii) sections 408(i), 6041, and 6047  
18 to the extent such return or report relates  
19 to the tax treatment of a distribution from  
20 a plan, account, contract, or annuity,

21 to be filed on magnetic media, but only with re-  
22 spect to persons who are required to file at  
23 least 50 returns during the calendar year which  
24 includes the first day of the plan year to which  
25 such returns or reports relate.”.

1           (2) EFFECTIVE DATE.—The amendments made  
2           by this subsection shall apply to returns and reports  
3           relating to years beginning after the second Decem-  
4           ber 31 occurring after the date of the enactment of  
5           this Act.

6 **SEC. 209. ROTH PLAN DISTRIBUTION RULES.**

7           (a) IN GENERAL.—Subsection (d) of section 402A is  
8           amended by adding at the end the following new para-  
9           graph:

10           “(5) MANDATORY DISTRIBUTION RULES NOT  
11           TO APPLY BEFORE DEATH.—Notwithstanding sec-  
12           tions 403(b)(10) and 457(d)(2), the following provi-  
13           sions shall not apply to any designated Roth ac-  
14           count:

15                   “(A) Section 401(a)(9)(A).

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

18           (b) EFFECTIVE DATE.—

19           (1) IN GENERAL.—Except as provided in para-  
20           graph (2), the amendment made by this section shall  
21           apply to taxable years beginning after December 31,  
22           2023.

23           (2) SPECIAL RULE.—The amendment made by  
24           this section shall not apply to distributions which are  
25           required with respect to years beginning before Jan-

1 uary 1, 2024, but are permitted to be paid on or  
2 after such date.

3 **SEC. 210. ONE-TIME ELECTION FOR QUALIFIED CHARI-**  
4 **TABLE DISTRIBUTION TO SPLIT-INTEREST**  
5 **ENTITY; INCREASE IN QUALIFIED CHARI-**  
6 **TABLE DISTRIBUTION LIMITATION.**

7 (a) ONE-TIME ELECTION FOR QUALIFIED CHARI-  
8 TABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY.—Sec-  
9 tion 408(d)(8) is amended by adding at the end the fol-  
10 lowing new subparagraph:

11 “(F) ONE-TIME ELECTION FOR QUALIFIED  
12 CHARITABLE DISTRIBUTION TO SPLIT-INTEREST  
13 ENTITY.—

14 “(i) IN GENERAL.—A taxpayer may  
15 for a taxable year elect under this subpara-  
16 graph to treat as meeting the requirement  
17 of subparagraph (B)(i) any distribution  
18 from an individual retirement account  
19 which is made directly by the trustee to a  
20 split-interest entity, but only if—

21 “(I) an election is not in effect  
22 under this subparagraph for a pre-  
23 ceding taxable year,

24 “(II) the aggregate amount of  
25 distributions of the taxpayer with re-

1                   spect to which an election under this  
2                   subparagraph is made does not exceed  
3                   \$50,000, and

4                   “(III) such distribution meets the  
5                   requirements of clauses (iii) and (iv).

6                   “(ii) SPLIT-INTEREST ENTITY.—For  
7                   purposes of this subparagraph, the term  
8                   ‘split-interest entity’ means—

9                   “(I) a charitable remainder annu-  
10                  ity trust (as defined in section  
11                  664(d)(1)), but only if such trust is  
12                  funded exclusively by qualified chari-  
13                  table distributions,

14                  “(II) a charitable remainder  
15                  unitrust (as defined in section  
16                  664(d)(2)), but only if such unitrust  
17                  is funded exclusively by qualified char-  
18                  itable distributions, or

19                  “(III) a charitable gift annuity  
20                  (as defined in section 501(m)(5)), but  
21                  only if such annuity is funded exclu-  
22                  sively by qualified charitable distribu-  
23                  tions and commences fixed payments  
24                  of 5 percent or greater not later than  
25                  1 year from the date of funding.

1                   “(iii) CONTRIBUTIONS MUST BE OTH-  
2                   ERWISE DEDUCTIBLE.—A distribution  
3                   meets the requirements of this clause only  
4                   if—

5                   “(I) in the case of a distribution  
6                   to a charitable remainder annuity  
7                   trust or a charitable remainder  
8                   unitrust, a deduction for the entire  
9                   value of the remainder interest in the  
10                  distribution for the benefit of a speci-  
11                  fied charitable organization would be  
12                  allowable under section 170 (deter-  
13                  mined without regard to subsection  
14                  (b) thereof and this paragraph), and

15                  “(II) in the case of a charitable  
16                  gift annuity, a deduction in an  
17                  amount equal to the amount of the  
18                  distribution reduced by the value of  
19                  the annuity described in section  
20                  501(m)(5)(B) would be allowable  
21                  under section 170 (determined with-  
22                  out regard to subsection (b) thereof  
23                  and this paragraph).

1                   “(iv) LIMITATION ON INCOME INTER-  
2                   ESTS.—A distribution meets the require-  
3                   ments of this clause only if—

4                   “(I) no person holds an income  
5                   interest in the split-interest entity  
6                   other than the individual for whose  
7                   benefit such account is maintained,  
8                   the spouse of such individual, or both,  
9                   and

10                   “(II) the income interest in the  
11                   split-interest entity is nonassignable.

12                   “(v) SPECIAL RULES.—

13                   “(I) CHARITABLE REMAINDER  
14                   TRUSTS.—Notwithstanding section  
15                   664(b), distributions made from a  
16                   trust described in subclause (I) or (II)  
17                   of clause (ii) shall be treated as ordi-  
18                   nary income in the hands of the bene-  
19                   ficiary to whom the annuity described  
20                   in section 664(d)(1)(A) or the pay-  
21                   ment described in section  
22                   664(d)(2)(A) is paid.

23                   “(II) CHARITABLE GIFT ANNU-  
24                   ITIES.—Qualified charitable distribu-  
25                   tions made to fund a charitable gift

1 annuity shall not be treated as an in-  
2 vestment in the contract for purposes  
3 of section 72(c).”.

4 (b) INFLATION ADJUSTMENT.—Section 408(d)(8), as  
5 amended by subsection (a), is further amended by adding  
6 at the end the following new subparagraph:

7 “(G) INFLATION ADJUSTMENT.—

8 “(i) IN GENERAL.—In the case of any  
9 taxable year beginning after 2023, each of  
10 the dollar amounts in subparagraphs (A)  
11 and (F) shall be increased by an amount  
12 equal to—

13 “(I) such dollar amount, multi-  
14 plied by

15 “(II) the cost-of-living adjust-  
16 ment determined under section 1(f)(3)  
17 for the calendar year in which the tax-  
18 able year begins, determined by sub-  
19 stituting ‘calendar year 2022’ for ‘cal-  
20 endar year 2016’ in subparagraph  
21 (A)(ii) thereof.

22 “(ii) ROUNDING.—If any dollar  
23 amount increased under clause (i) is not a  
24 multiple of \$1,000, such dollar amount

1                   shall be rounded to the nearest multiple of  
2                   \$1,000.”.

3           (c) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply to distributions made in taxable  
5 years beginning after the date of the enactment of this  
6 Act.

7 **SEC. 211. EXCEPTION TO PENALTY ON EARLY DISTRIBUTIONS FROM QUALIFIED PLANS FOR INDIVIDUALS WITH A TERMINAL ILLNESS.**

10           (a) **IN GENERAL.**—Section 72(t)(2), as amended by  
11 this Act, is further amended by adding at the end the following new subparagraph:  
12

13                   “(K) **TERMINAL ILLNESS.**—

14                   “(i) **IN GENERAL.**—Distributions  
15 which are made to the employee who is a  
16 terminally ill individual on or after the  
17 date on which such employee has been certified by a physician as having a terminal  
18 illness.  
19

20                   “(ii) **DEFINITION.**—For purposes of  
21 this subparagraph, the term ‘terminally ill  
22 individual’ has the same meaning given  
23 such term under section 101(g)(4)(A), except that ‘84 months’ shall be substituted  
24 for ‘24 months’.  
25

1           “(iii) DOCUMENTATION.—For pur-  
2           poses of this subparagraph, an employee  
3           shall not be considered to be a terminally  
4           ill individual unless such employee fur-  
5           nishes sufficient evidence to the plan ad-  
6           ministrator in such form and manner as  
7           the Secretary may require.”.

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

11 **SEC. 212. SURVIVING SPOUSE ELECTION TO BE TREATED**  
12 **AS EMPLOYEE.**

13          (a) IN GENERAL.—Section 401(a)(9)(B)(iv), as  
14          amended by this Act, is further amended to read as fol-  
15          lows:

16                 “(iv) SPECIAL RULE FOR SURVIVING  
17                 SPOUSE OF EMPLOYEE.—If the designated  
18                 beneficiary referred to in clause (iii)(I) is  
19                 the surviving spouse of the employee and  
20                 the surviving spouse elects the treatment  
21                 in this clause—

22                         “(I) the regulations referred to in  
23                         clause (iii)(II) shall treat the surviving  
24                         spouse as if the surviving spouse were  
25                         the employee,

1                   “(II) the date on which the dis-  
2                   tributions are required to begin under  
3                   clause (iii)(III) shall not be earlier  
4                   than the date on which the employee  
5                   would have attained the applicable  
6                   age, and

7                   “(III) if the surviving spouse dies  
8                   before the distributions to such spouse  
9                   begin, this subparagraph shall be ap-  
10                  plied as if the surviving spouse is the  
11                  employee.

12                  An election described in this clause shall be  
13                  made at such time and in such manner as  
14                  prescribed by the Secretary, shall include a  
15                  timely notice to the plan administrator,  
16                  and once made may not be revoked except  
17                  with the consent of the Secretary.”.

18                  (b) EXTENSION OF ELECTION OF AT LEAST AS RAP-  
19 IDLY RULE.—The Secretary shall amend Q&A-5(a) of  
20 Treasury Regulation section 1.401(a)(9)-5 (or any suc-  
21 cessor regulation thereto) to provide that if the surviving  
22 spouse is the employee’s sole designated beneficiary and  
23 the spouse elects treatment under section  
24 401(a)(9)(B)(iv), then the applicable distribution period  
25 for distribution calendar years after the distribution cal-

1 endar year including the employee’s date of death is deter-  
2 mined under the uniform lifetime table.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to calendar years beginning after  
5 December 31, 2023.

6 **SEC. 213. LONG-TERM CARE CONTRACTS PURCHASED WITH**  
7 **RETIREMENT PLAN DISTRIBUTIONS.**

8 (a) IN GENERAL.—Section 401(a) is amended by in-  
9 serting after paragraph (38) the following new paragraph:

10 “(39) QUALIFIED LONG-TERM CARE DISTRIBUTIONS.—  
11 TIONS.—

12 “(A) IN GENERAL.—A trust forming part  
13 of a defined contribution plan shall not be  
14 treated as failing to constitute a qualified trust  
15 under this section solely by reason of allowing  
16 qualified long-term care distributions.

17 “(B) QUALIFIED LONG-TERM CARE DIS-  
18 TRIBUTION.—For purposes of this paragraph—

19 “(i) IN GENERAL.—The term ‘quali-  
20 fied long-term care distribution’ means so  
21 much of the distributions made during the  
22 taxable year as does not exceed, in the ag-  
23 gregate, the lesser of—

24 “(I) the amount paid by or as-  
25 sessed to the participant during the

1 taxable year for or with respect to cer-  
2 tified long-term care insurance for the  
3 participant or the participant’s spouse  
4 (or other family member of the partic-  
5 ipant as provided by the Secretary by  
6 regulation), or

7 “(II) \$2,500.

8 “(ii) ADJUSTMENT FOR INFLATION.—

9 In the case of taxable years beginning  
10 after December 31, 2024, the \$2,500  
11 amount in clause (i)(II) shall be increased  
12 by an amount equal to—

13 “(I) such dollar amount, multi-  
14 plied by

15 “(II) the cost-of-living adjust-  
16 ment determined under section 1(f)(3)  
17 for the calendar year in which the tax-  
18 able year begins, determined by sub-  
19 stituting ‘calendar year 2023’ for ‘cal-  
20 endar year 2016’ in subparagraph  
21 (A)(ii) thereof.

22 If any increase under the preceding sen-  
23 tence is not a multiple of \$100, such  
24 amount shall be rounded to the nearest  
25 multiple of \$100.

1                   “(C) CERTIFIED LONG-TERM CARE INSUR-  
2 ANCE.—The term ‘certified long-term care in-  
3 surance’ means—

4                   “(i) a qualified long-term care insur-  
5 ance contract (as defined in section  
6 7702B(b)) covering qualified long-term  
7 care services (as defined in section  
8 7702B(e)),

9                   “(ii) coverage of the risk that an in-  
10 sured individual would become a chron-  
11 ically ill individual (within the meaning of  
12 section 101(g)(4)(B)) under a rider or  
13 other provision of a life insurance contract  
14 which satisfies the requirements of section  
15 101(g)(3) (determined without regard to  
16 subparagraph (D) thereof), or

17                   “(iii) coverage of qualified long-term  
18 care services (as so defined) under a rider  
19 or other provision of an insurance or annu-  
20 ity contract which is treated as a separate  
21 contract under section 7702B(e) and satis-  
22 fies the requirements of section 7702B(g),  
23 if such coverage provides meaningful financial  
24 assistance in the event the insured needs home-  
25 based or nursing home care. For purposes of

1 the preceding sentence, coverage shall not be  
2 deemed to provide meaningful financial assist-  
3 ance unless benefits are adjusted for inflation  
4 and consumer protections are provided, includ-  
5 ing protection in the event the coverage is ter-  
6 minated.

7 “(D) DISTRIBUTIONS MUST OTHERWISE  
8 BE INCLUDIBLE.—Rules similar to the rules of  
9 section 402(l)(3) shall apply for purposes of  
10 this paragraph.

11 “(E) LONG-TERM CARE PREMIUM STATE-  
12 MENT.—

13 “(i) IN GENERAL.—No distribution  
14 shall be treated as a qualified long-term  
15 care distribution unless a long-term care  
16 premium statement with respect to the  
17 participant has been filed with the plan.

18 “(ii) LONG-TERM CARE PREMIUM  
19 STATEMENT.—For purposes of this para-  
20 graph, a long-term care premium state-  
21 ment is a statement provided by the issuer  
22 of long-term care coverage, upon request  
23 by the owner of such coverage, which in-  
24 cludes—

1 “(I) the name and taxpayer iden-  
2 tification number of such issuer,

3 “(II) a statement that the cov-  
4 erage is certified long-term care insur-  
5 ance,

6 “(III) identification of the partic-  
7 ipant as the owner of such coverage,

8 “(IV) identification of the indi-  
9 vidual covered and such individual’s  
10 relationship to the participant,

11 “(V) the premiums owed for the  
12 coverage for the calendar year, and

13 “(VI) such other information as  
14 the Secretary may require.

15 “(iii) FILING WITH SECRETARY.—A  
16 long-term care premium statement will be  
17 accepted only if the issuer has completed a  
18 disclosure to the Secretary for the specific  
19 coverage product to which the statement  
20 relates. Such disclosure shall identify the  
21 issuer, type of coverage, and such other in-  
22 formation as the Secretary may require  
23 which is included in the filing of the prod-  
24 uct with the applicable State authority.”.

25 (b) CONFORMING AMENDMENTS.—

1           (1) Section 401(k)(2)(B)(i) is amended by  
2 striking “or” at the end of subclause (V), by adding  
3 “or” at the end of subclause (VI), and by adding at  
4 the end the following new subclause:

5                           “(VII) as provided in section  
6                           401(a)(39),”.

7           (2) Section 403(a) is amended by adding at the  
8 end the following new paragraph:

9                           “(6) QUALIFIED LONG-TERM CARE DISTRIBUTIONS.—An annuity contract shall not fail to be sub-  
10                           ject to this subsection solely by reason of allowing  
11                           distributions to which section 401(a)(39) applies.”.

12           (3) Section 403(b)(11) is amended by striking  
13 “or” at the end of subparagraph (C), by striking the  
14 period at the end of subparagraph (D) and inserting  
15 “, or”, and by inserting after subparagraph (D) the  
16 following new subparagraph:

17                           “(E) for distributions to which section  
18                           401(a)(39) applies.”.

19           (4) Section 457(d)(1)(A) is amended by strik-  
20 ing “or” at the end of clause (iii), by striking the  
21 comma at the end of clause (iv) and inserting “, or”,  
22 and by adding at the end the following new clause:

23                           “(v) as provided in section  
24                           401(a)(39),”.

25

1 (c) EXEMPTION FROM ADDITIONAL TAX ON EARLY  
2 DISTRIBUTIONS.—Section 72(t)(2), as amended by this  
3 Act, is further amended by adding at the end the following  
4 new subparagraph:

5 “(L) QUALIFIED LONG-TERM CARE DIS-  
6 TRIBUTIONS.—

7 “(i) IN GENERAL.—Any qualified  
8 long-term care distribution which meets  
9 the requirements of section 401(a)(39).

10 “(ii) EXCEPTION.—If the individual  
11 covered by the long-term care coverage to  
12 which such distribution relates is the  
13 spouse of the participant in the plan,  
14 clause (i) shall apply only if the participant  
15 and the participant’s spouse file a joint re-  
16 turn.

17 “(iii) EXEMPTION OF DISTRIBUTIONS  
18 FROM TRUSTEE TO TRUSTEE TRANSFER  
19 AND WITHHOLDING RULES.—For purposes  
20 of sections 401(a)(31), 402(f), and 3405, a  
21 qualified long-term care distribution shall  
22 not be treated as an eligible rollover dis-  
23 tribution.”.

24 (d) REPORTING.—

1           (1) IN GENERAL.—Subpart B of part III of  
2           subchapter A of chapter 61 is amended by adding at  
3           the end the following new section:

4           **“SEC. 6050Z. REPORTS RELATING TO LONG-TERM CARE**  
5                                   **PREMIUM STATEMENTS.**

6           “(a) REQUIREMENT OF REPORTING.—Any issuer of  
7           certified long-term care insurance (as defined in section  
8           401(a)(39)(C)) who provides a long-term care premium  
9           statement to any purchaser pursuant to section  
10          401(a)(39)(E) for a calendar year, shall make a return  
11          not later than February 1 of the succeeding calendar year,  
12          according to forms or regulations prescribed by the Sec-  
13          retary, setting forth with respect to each such purchaser—

14                   “(1) the name and taxpayer identification num-  
15                   ber of such issuer,

16                   “(2) a statement that the coverage is certified  
17                   long-term care insurance as defined in section  
18                   401(a)(39)(C),

19                   “(3) the name of the owner of such coverage,

20                   “(4) identification of the individual covered and  
21                   such individual’s relationship to the owner,

22                   “(5) the premiums paid for the coverage for the  
23                   calendar year, and

24                   “(6) such other information as the Secretary  
25                   may require.

1           “(b) STATEMENT TO BE FURNISHED TO PERSONS  
2 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—

3 Every person required to make a return under subsection  
4 (a) shall furnish to each individual whose name is required  
5 to be set forth in such return a written statement show-  
6 ing—

7           “(1) the name, address, and phone number of  
8 the information contact of the issuer of the contract  
9 or coverage, and

10           “(2) the aggregate amount of premiums and  
11 charges paid under the contract or coverage covering  
12 the insured individual during the calendar year.

13 The written statement required under the preceding sen-  
14 tence shall be furnished to the individual or individuals  
15 on or before January 31 of the year following the calendar  
16 year for which the return required under subsection (a)  
17 was required to be made.

18           “(c) CONTRACTS OR COVERAGE COVERING MORE  
19 THAN ONE INSURED.—In the case of contracts or cov-  
20 erage covering more than one insured, the return and  
21 statement required by subsections (a) and (b) shall iden-  
22 tify only the portion of the premium that is properly allo-  
23 cable to the insured in respect of whom the return or  
24 statement is made.

1       “(d) STATEMENT TO BE FURNISHED ON RE-  
2 QUEST.—If any individual to whom a return is required  
3 to be furnished under subsection (b) requests that such  
4 a return be furnished at any time before the close of the  
5 calendar year, the person required to make the return  
6 under subsection (b) shall comply with such request and  
7 shall furnish to the Secretary at such time a copy of the  
8 return so provided.”.

9           (2) PENALTIES.—Section 6724(d) is amend-  
10 ed—

11           (A) in paragraph (1)(B), by adding “or”  
12 at the end of clause (xxvii) and by inserting  
13 after such clause the following new clause:

14           “(xxviii) section 6050Z (relating to re-  
15 ports relating to long-term care premium  
16 statements), and”, and

17           (B) in paragraph (2)—

18           (i) by redesignating subparagraph  
19 (JJ), relating to section 6050Y, as sub-  
20 paragraph (KK) and moving such subpara-  
21 graph to the position immediately after  
22 subparagraph (JJ), relating to section  
23 6226(a)(2),

24           (ii) by striking “or” at the end of sub-  
25 paragraph (II),

1 (iii) by striking the period at the end  
2 of subparagraph (JJ), relating to section  
3 6226(a)(2), and inserting a comma,

4 (iv) by striking the period at the end  
5 of subparagraph (KK), as so redesignated,  
6 and inserting “, or”, and

7 (v) by inserting after subparagraph  
8 (KK), as so redesignated, the following  
9 new subparagraph:

10 “(LL) section 6050Z (relating to reports  
11 relating to long-term care premium state-  
12 ments).”.

13 (3) CLERICAL AMENDMENT.—The table of sec-  
14 tions for subpart B of part III of subchapter A of  
15 chapter 61 is amended by adding after the item re-  
16 lating to section 6050Y the following new item:

“Sec. 6050Z. Reports relating to long-term care premium statements.”.

17 (e) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to distributions made after the  
19 date which is 3 years after the date of the enactment of  
20 this Act.

21 (f) DISCLOSURE TO TREASURY OF LONG-TERM CARE  
22 INSURANCE PRODUCTS.—The Secretary of the Treasury  
23 (or the Secretary’s delegate) shall issue such forms and  
24 guidance as are necessary to collect the filing required by

1 section 401(a)(39)(E)(iii) of the Internal Revenue Code  
2 of 1986, as added by this section.

3 (g) TREASURY WEBSITE.—The Secretary of the  
4 Treasury (or the Secretary’s delegate) shall maintain a  
5 website that discloses information regarding long-term  
6 care insurance policies, including common policy features,  
7 factors to consider in selecting coverage levels, consumer  
8 protections, tax rules for premiums and benefits, and the  
9 special tax and distribution rules applicable to certified  
10 long-term care insurance (as defined in section  
11 401(a)(39)(C) of the Internal Revenue Code of 1986).  
12 Such website shall also identify issuers of certified long-  
13 term care insurance (as so defined) by State, issuer con-  
14 tact information, and other information specific to an  
15 issuer and its long-term care insurance which is included  
16 in the issuer’s filing for such insurance with the applicable  
17 State authority and disclosed to the Secretary.

## 18 **TITLE III—PUBLIC SAFETY**

### 19 **OFFICERS AND MILITARY**

#### 20 **SEC. 301. MILITARY SPOUSE RETIREMENT PLAN ELIGI-** 21 **BILITY CREDIT FOR SMALL EMPLOYERS.**

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

1 **“SEC. 45U. MILITARY SPOUSE RETIREMENT PLAN ELIGI-**  
2 **BILITY CREDIT FOR SMALL EMPLOYERS.**

3 “(a) IN GENERAL.—For purposes of section 38, in  
4 the case of any eligible small employer, the military spouse  
5 retirement plan eligibility credit determined under this  
6 section for any taxable year is an amount equal to the  
7 sum of—

8 “(1) \$200 with respect to each military spouse  
9 who is an employee of such employer and who is eli-  
10 gible to participate in an eligible defined contribu-  
11 tion plan of such employer at any time during such  
12 taxable year, plus

13 “(2) so much of the contributions made by such  
14 employer to all such plans with respect to such em-  
15 ployee during such taxable year as do not exceed  
16 \$300.

17 “(b) LIMITATION.—An individual shall only be taken  
18 into account as a military spouse under subsection (a) for  
19 the taxable year which includes the date on which such  
20 individual began participating in the eligible defined con-  
21 tribution plan of the employer and the 2 succeeding tax-  
22 able years.

23 “(c) ELIGIBLE SMALL EMPLOYER.—For purposes of  
24 this section, the term ‘eligible small employer’ means an  
25 eligible employer (as defined in section 408(p)(2)(C)(i)(I).

1       “(d) **MILITARY SPOUSE.**—For purposes of this sec-  
2 tion—

3               “(1) **IN GENERAL.**—The term ‘military spouse’  
4 means, with respect to any employer, any individual  
5 who is married (within the meaning of section 7703  
6 as of the first date that the employee is employed by  
7 the employer) to an individual who is a member of  
8 the uniformed services (as defined section 101(a)(5)  
9 of title 10, United States Code). For purposes of  
10 this section, an employer may rely on an employee’s  
11 certification that such employee’s spouse is a mem-  
12 ber of the uniformed services if such certification  
13 provides the name, rank, and service branch of such  
14 spouse.

15               “(2) **EXCLUSION OF HIGHLY COMPENSATED**  
16 **EMPLOYEES.**—With respect to any employer, the  
17 term ‘military spouse’ shall not include any indi-  
18 vidual if such individual is a highly compensated em-  
19 ployee of such employer (within the meaning of sec-  
20 tion 414(q)).

21       “(e) **ELIGIBLE DEFINED CONTRIBUTION PLAN.**—  
22 For purposes of this section, the term ‘eligible defined con-  
23 tribution plan’ means, with respect to any eligible small  
24 employer, any defined contribution plan (as defined in sec-

1 tion 414(i)) of such employer if, under the terms of such  
2 plan—

3 “(1) military spouses employed by such em-  
4 ployer are eligible to participate in such plan not  
5 later than the date which is 2 months after the date  
6 on which such individual begins employment with  
7 such employer, and

8 “(2) military spouses who are eligible to partici-  
9 pate in such plan—

10 “(A) are immediately eligible to receive an  
11 amount of employer contributions under such  
12 plan which is not less the amount of such con-  
13 tributions that a similarly situated participant  
14 who is not a military spouse would be eligible  
15 to receive under such plan after 2 years of serv-  
16 ice, and

17 “(B) immediately have a nonforfeitable  
18 right to the employee’s accrued benefit derived  
19 from employer contributions under such plan.

20 “(f) AGGREGATION RULE.—All persons treated as a  
21 single employer under subsection (b), (c), (m), or (o) of  
22 section 414 shall be treated as one employer for purposes  
23 of this section.”.

24 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-  
25 NESS CREDIT.—Section 38(b) is amended by striking

1 “plus” at the end of paragraph (32), by striking the period  
2 at the end of paragraph (33) and inserting “, plus”, and  
3 by adding at the end the following new paragraph:

4 “(34) in the case of an eligible small employer  
5 (as defined in section 45U(c)), the military spouse  
6 retirement plan eligibility credit determined under  
7 section 45U(a).”.

8 (c) SPECIFIED CREDIT FOR PURPOSES OF CER-  
9 TIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—  
10 Section 3511(d)(2) is amended by redesignating subpara-  
11 graphs (F), (G), and (H) as subparagraphs (G), (H), and  
12 (I), respectively, and by inserting after subparagraph (E)  
13 the following new subparagraph:

14 “(F) section 45U (military spouse retire-  
15 ment plan eligibility credit),”.

16 (d) CLERICAL AMENDMENT.—The table of sections  
17 for subpart D of part IV of subchapter A of chapter 1  
18 is amended by adding at the end the following new item:

“Sec. 45U. Military spouse retirement plan eligibility credit for small employ-  
ers.”.

19 (e) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to taxable years beginning after  
21 the date of the enactment of this Act.

22 **SEC. 302. DISTRIBUTIONS TO FIREFIGHTERS.**

23 (a) IN GENERAL.—Subparagraph (A) of section  
24 72(t)(10) is amended by striking “414(d)” and inserting

1 “414(d)) or a distribution from a plan described in clause  
2 (iii), (iv), or (vi) of section 402(c)(8)(B) to an employee  
3 who provides firefighting services”.

4 (b) CONFORMING AMENDMENT.—The heading of  
5 paragraph (10) of section 72(t) is amended by striking  
6 “IN GOVERNMENTAL PLANS” and inserting “AND PRIVATE  
7 SECTOR FIREFIGHTERS”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to distributions made after the  
10 date of the enactment of this Act.

11 **SEC. 303. EXCLUSION OF CERTAIN DISABILITY-RELATED**  
12 **FIRST RESPONDER RETIREMENT PAYMENTS.**

13 (a) IN GENERAL.—Part III of subchapter B of chap-  
14 ter 1 is amended by inserting after section 139B the fol-  
15 lowing new section:

16 **“SEC. 139C. CERTAIN DISABILITY-RELATED FIRST RE-**  
17 **SPONDER RETIREMENT PAYMENTS.**

18 “(a) IN GENERAL.—In the case of an individual who  
19 receives qualified first responder retirement payments for  
20 any taxable year, gross income shall not include so much  
21 of such payments as do not exceed the annualized exclud-  
22 able disability amount with respect to such individual.

23 “(b) QUALIFIED FIRST RESPONDER RETIREMENT  
24 PAYMENTS.—For purposes of this section, the term ‘quali-  
25 fied first responder retirement payments’ means, with re-

1 spect to any taxable year, any pension or annuity which  
2 but for this section would be includible in gross income  
3 for such taxable year and which is received—

4 “(1) from a plan described in clause (iii), (iv),  
5 (v), or (vi) of section 402(c)(8)(B), and

6 “(2) in connection with such individual’s quali-  
7 fied first responder service.

8 “(c) ANNUALIZED EXCLUDABLE DISABILITY  
9 AMOUNT.—For purposes of this section—

10 “(1) IN GENERAL.—The term ‘annualized ex-  
11 cludable disability amount’ means, with respect to  
12 any individual, the service-connected excludable dis-  
13 ability amounts which are properly attributable to  
14 the 12-month period immediately preceding the date  
15 on which such individual attains retirement age.

16 “(2) SERVICE-CONNECTED EXCLUDABLE DIS-  
17 ABILITY AMOUNT.—The term ‘service-connected ex-  
18 cludable disability amount’ means periodic payments  
19 received by an individual which—

20 “(A) are not includible in such individual’s  
21 gross income under section 104(a)(1),

22 “(B) are received in connection with such  
23 individual’s qualified first responder service,  
24 and

1                   “(C) terminate when such individual at-  
2                   tains retirement age.

3                   “(3) SPECIAL RULE FOR PARTIAL-YEAR PAY-  
4                   MENTS.—In the case of an individual who only re-  
5                   ceives service-connected excludable disability  
6                   amounts properly attributable to a portion of the 12-  
7                   month period described in paragraph (1), such para-  
8                   graph shall be applied by multiplying such amounts  
9                   by the ratio of 365 to the number of days in such  
10                  period to which such amounts were properly attrib-  
11                  utable.

12                  “(d) QUALIFIED FIRST RESPONDER SERVICE.—For  
13                  purposes of this section, the term ‘qualified first responder  
14                  service’ means service as a law enforcement officer, fire-  
15                  fighter, paramedic, or emergency medical technician.”.

16                  (b) CLERICAL AMENDMENT.—The table of sections  
17                  for part III of subchapter B of chapter 1 is amended by  
18                  inserting after the item relating to section 139B the fol-  
19                  lowing new item:

                  “Sec. 139C. Certain disability-related first responder retirement payments.”.

20                  (c) EFFECTIVE DATE.—The amendments made by  
21                  this section shall apply to amounts received with respect  
22                  to taxable years beginning after the date of the enactment  
23                  of this Act.

1 **SEC. 304. REPEAL OF DIRECT PAYMENT REQUIREMENT ON**  
2 **EXCLUSION FROM GROSS INCOME OF DIS-**  
3 **TRIBUTIONS FROM GOVERNMENTAL PLANS**  
4 **FOR HEALTH AND LONG-TERM CARE INSUR-**  
5 **ANCE.**

6 (a) IN GENERAL.—Section 402(l)(5)(A) is amended  
7 to read as follows:

8 “(A) DIRECT PAYMENT TO INSURER PER-  
9 MITTED.—

10 “(i) IN GENERAL.—Paragraph (1)  
11 shall apply to a distribution without regard  
12 to whether payment of the premiums is  
13 made directly to the provider of the acci-  
14 dent or health plan or qualified long-term  
15 care insurance contract by deduction from  
16 a distribution from the eligible retirement  
17 plan, or is made to the employee.

18 “(ii) REPORTING.—In the case of a  
19 payment made to the employee as de-  
20 scribed in clause (i), the employee shall in-  
21 clude with the return of tax for the taxable  
22 year in which the distribution is made an  
23 attestation that the distribution does not  
24 exceed the amount paid by the employee  
25 for qualified health insurance premiums  
26 for such taxable year.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall apply to distributions made after the  
3 date of the enactment of this Act.

4 **SEC. 305. MODIFICATION OF ELIGIBLE AGE FOR EXEMP-**  
5 **TION FROM EARLY WITHDRAWAL PENALTY.**

6 (a) IN GENERAL.—Subparagraph (A) of section  
7 72(t)(10), as amended by this Act, is further amended by  
8 striking “age 50” and inserting “age 50 or 25 years of  
9 service under the plan, whichever is earlier”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to distributions made after the  
12 date of the enactment of this Act.

13 **SEC. 306. EXEMPTION FROM EARLY WITHDRAWAL PENALTY**  
14 **FOR CERTAIN STATE AND LOCAL GOVERN-**  
15 **MENT CORRECTIONS EMPLOYEES.**

16 (a) IN GENERAL.—Clause (i) of section 72(t)(10)(B)  
17 is amended by striking “or emergency medical services”  
18 and inserting “emergency medical services, or services as  
19 a corrections officer or as a forensic security employee pro-  
20 viding for the care, custody, and control of forensic pa-  
21 tients”.

22 (b) EFFECTIVE DATE.—The amendment made by  
23 this section shall apply to distributions made after the  
24 date of the enactment of this Act.

1           **TITLE IV—NONPROFITS AND**  
2                           **EDUCATORS**

3   **SEC. 401. ENHANCEMENT OF 403(b) PLANS.**

4           (a) PERMITTED INVESTMENTS.—Subparagraph (A)  
5 of section 403(b)(7) is amended by striking “if the  
6 amounts are to be invested in regulated investment com-  
7 pany stock to be held in that custodial account” and in-  
8 serting “if the amounts are to be held in that custodial  
9 account and are invested in regulated investment company  
10 stock or a group trust intended to satisfy the requirements  
11 of Internal Revenue Service Revenue Ruling 81–100 (or  
12 any successor guidance)”.

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

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

19   **SEC. 402. HARDSHIP WITHDRAWAL RULES FOR 403(b)**  
20                           **PLANS.**

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

23                           “(15) SPECIAL RULES RELATING TO HARDSHIP  
24           WITHDRAWALS.—For purposes of paragraphs (7)  
25           and (11)—



1 (A) by striking “in” in subparagraph (B)  
2 and inserting “subject to the provisions of para-  
3 graph (15), in”; and

4 (B) by striking the last sentence.

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

8 **SEC. 403. MULTIPLE EMPLOYER 403(b) PLANS.**

9 (a) IN GENERAL.—Section 403(b), as amended by  
10 this Act, is further amended by adding at the end the fol-  
11 lowing new paragraph:

12 “(16) MULTIPLE EMPLOYER PLANS.—

13 “(A) IN GENERAL.—Except in the case of  
14 a church plan, this subsection shall not be  
15 treated as failing to apply to an annuity con-  
16 tract solely by reason of such contract being  
17 purchased under a plan maintained by more  
18 than 1 employer.

19 “(B) TREATMENT OF EMPLOYERS FAILING  
20 TO MEET REQUIREMENTS OF PLAN.—

21 “(i) IN GENERAL.—In the case of a  
22 plan maintained by more than 1 employer,  
23 this subsection shall not be treated as fail-  
24 ing to apply to an annuity contract held  
25 under such plan merely because of one or

1 more employers failing to meet the require-  
2 ments of this subsection if such plan satis-  
3 fies rules similar to the rules of section  
4 413(e)(2) with respect to any such em-  
5 ployer failure.

6 “(ii) ADDITIONAL REQUIREMENTS IN  
7 CASE OF NON-GOVERNMENTAL PLANS.—A  
8 plan shall not be treated as meeting the re-  
9 quirements of this subparagraph unless the  
10 plan satisfies rules similar to the rules of  
11 subparagraph (A) or (B) of section  
12 413(e)(1), except in the case of a multiple  
13 employer plan maintained solely by any of  
14 the following: A State, a political subdivi-  
15 sion of a State, or an agency or instrumen-  
16 tality of any one or more of the fore-  
17 going.”.

18 (b) ANNUAL REGISTRATION FOR 403(b) MULTIPLE  
19 EMPLOYER PLAN.—Section 6057 is amended by redesi-  
20 gnating subsection (g) as subsection (h) and by inserting  
21 after subsection (f) the following new subsection:

22 “(g) 403(b) MULTIPLE EMPLOYER PLANS TREATED  
23 AS ONE PLAN.—In the case of annuity contracts to which  
24 this section applies and to which section 403(b) applies  
25 by reason of the plan under which such contracts are pur-

1 chased meeting the requirements of paragraph (16) there-  
2 of, such plan shall be treated as a single plan for purposes  
3 of this section.”.

4 (c) ANNUAL INFORMATION RETURNS FOR 403(b)  
5 MULTIPLE EMPLOYER PLAN.—Section 6058 is amended  
6 by redesignating subsection (f) as subsection (g) and by  
7 inserting after subsection (e) the following new subsection:

8 “(f) 403(b) MULTIPLE EMPLOYER PLANS TREATED  
9 AS ONE PLAN.—In the case of annuity contracts to which  
10 this section applies and to which section 403(b) applies  
11 by reason of the plan under which such contracts are pur-  
12 chased meeting the requirements of paragraph (16) there-  
13 of, such plan shall be treated as a single plan for purposes  
14 of this section.”.

15 (d) REGULATIONS.—The Secretary of the Treasury  
16 (or the Secretary’s delegate) shall prescribe such regula-  
17 tions as may be necessary to clarify, in the case of plans  
18 to which section 403(b)(16) of the Internal Revenue Code  
19 of 1986 applies, the treatment of an employer departing  
20 such plan in connection with such employer’s failure to  
21 meet multiple employer plan requirements.

22 (e) MODIFICATION OF MODEL PLAN LANGUAGE.  
23 ETC.—

24 (1) PLAN NOTIFICATIONS.—The Secretary of  
25 the Treasury (or the Secretary’s delegate) shall mod-

1       ify the model plan language published under section  
2       413(e)(5) of the Internal Revenue Code of 1986 to  
3       include language which notifies participating employ-  
4       ers described in section 501(c)(3), and which are ex-  
5       empt from tax under section 501(a), that the plan  
6       is subject to the Employee Retirement Income Secu-  
7       rity Act of 1974 and that such employer is a plan  
8       sponsor with respect to its employees participating  
9       in the multiple employer plan and, as such, has cer-  
10      tain fiduciary duties with respect to the plan and to  
11      its employees.

12           (2) MODEL PLANS FOR MULTIPLE EMPLOYER  
13      403(b) NON-GOVERNMENTAL PLANS.—For plans to  
14      which section 403(b)(16)(A) of the Internal Revenue  
15      Code of 1986 applies (other than a plan maintained  
16      for its employees by a State, a political subdivision  
17      of a State, or an agency or instrumentality of any  
18      one or more of the foregoing) the Secretary of the  
19      Treasury (or the Secretary’s delegate) shall publish  
20      model plan language similar to model plan language  
21      published under section 413(e)(5) of such Code.

22           (3) EDUCATIONAL OUTREACH TO EMPLOYERS  
23      EXEMPT FROM TAX.—The Secretary of the Treasury  
24      (or the Secretary’s delegate) shall provide education  
25      and outreach to increase awareness to employers de-

1 scribed in section 501(c)(3), and which are exempt  
2 from tax under section 501(a), that multiple em-  
3 ployer plans are subject to the Employee Retirement  
4 Income Security Act of 1974 and that such employer  
5 is a plan sponsor with respect to its employees par-  
6 ticipating in the multiple employer plan and, as  
7 such, has certain fiduciary duties with respect to the  
8 plan and to its employees.

9 (f) NO INFERENCE WITH RESPECT TO CHURCH  
10 PLANS.—Regarding any application of section 403(b) of  
11 the Internal Revenue Code of 1986 to an annuity contract  
12 purchased under a church plan (as defined in section  
13 414(e) of such Code) maintained by more than 1 em-  
14 ployer, or to any application of rules similar to section  
15 413(e) of such Code to such a plan, no inference shall  
16 be made from section 403(b)(16)(A) of such Code (as  
17 added by this Act) not applying to such plans.

18 (g) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by  
20 this section shall apply to plan years beginning after  
21 the date of the enactment of this Act.

22 (2) RULE OF CONSTRUCTION.—Nothing in the  
23 amendments made by subsection (a) shall be con-  
24 strued as limiting the authority of the Secretary of  
25 the Treasury or the Secretary's delegate (determined

1 without regard to such amendment) to provide for  
2 the proper treatment of a failure to meet any re-  
3 quirement applicable under the Internal Revenue  
4 Code of 1986 with respect to one employer (and its  
5 employees) in the case of a plan to which section  
6 403(b)(16) of such Code applies.

## 7 **TITLE V—DISASTER RELIEF**

### 8 **SEC. 501. SPECIAL RULES FOR USE OF RETIREMENT FUNDS** 9 **IN CONNECTION WITH QUALIFIED FEDER-** 10 **ALLY DECLARED DISASTERS.**

11 (a) **TAX-FAVORED WITHDRAWALS FROM RETIRE-**  
12 **MENT PLANS.—**

13 (1) **IN GENERAL.—**Paragraph (2) of section  
14 72(t), as amended by this Act, is further amended  
15 by adding at the end the following new subpara-  
16 graph:

17 “(M) **DISTRIBUTIONS FROM RETIREMENT**  
18 **PLANS IN CONNECTION WITH FEDERALLY DE-**  
19 **CLARED DISASTERS.—**Any qualified disaster re-  
20 **covery distribution.”.**

21 (2) **QUALIFIED DISASTER RECOVERY DISTRIBU-**  
22 **TION.—**Section 72(t) is amended by adding at the  
23 end the following new paragraph:

24 “(11) **QUALIFIED DISASTER RECOVERY DIS-**  
25 **TRIBUTION.—**For purposes of paragraph (2)(M)—

1           “(A) IN GENERAL.—Except as provided in  
2           subparagraph (B), the term ‘qualified disaster  
3           recovery distribution’ means any distribution  
4           made—

5                   “(i) on or after the first day of the in-  
6                   cident period of a qualified disaster and  
7                   before the date that is 180 days after the  
8                   applicable date with respect to such dis-  
9                   aster, and

10                   “(ii) to an individual whose principal  
11                   place of abode at any time during the inci-  
12                   dent period of such qualified disaster is lo-  
13                   cated in the qualified disaster area with re-  
14                   spect to such qualified disaster and who  
15                   has sustained an economic loss by reason  
16                   of such qualified disaster.

17           “(B) AGGREGATE DOLLAR LIMITATION.—

18                   “(i) IN GENERAL.—For purposes of  
19                   this subsection, the aggregate amount of  
20                   distributions received by an individual  
21                   which may be treated as qualified disaster  
22                   recovery distributions with respect to any  
23                   qualified disaster in all taxable years shall  
24                   not exceed \$22,000.

1                   “(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual  
2                   would (without regard to clause (i)) be a  
3                   qualified disaster recovery distribution, a  
4                   plan shall not be treated as violating any  
5                   requirement of this title merely because  
6                   the plan treats such distribution as a  
7                   qualified disaster recovery distribution, un-  
8                   less the aggregate amount of such distribu-  
9                   tions from all plans maintained by the em-  
10                  ployer (and any member of any controlled  
11                  group which includes the employer) to such  
12                  individual exceeds \$22,000 with respect to  
13                  the same qualified disaster.  
14

15                  “(iii) CONTROLLED GROUP.—For pur-  
16                  poses of clause (ii), the term ‘controlled  
17                  group’ means any group treated as a single  
18                  employer under subsection (b), (c), (m), or  
19                  (o) of section 414.

20                  “(C) AMOUNT DISTRIBUTED MAY BE RE-  
21                  PAID.—

22                  “(i) IN GENERAL.—Any individual  
23                  who receives a qualified disaster recovery  
24                  distribution may, at any time during the 3-  
25                  year period beginning on the day after the

1 date on which such distribution was re-  
2 ceived, make one or more contributions in  
3 an aggregate amount not to exceed the  
4 amount of such distribution to an eligible  
5 retirement plan of which such individual is  
6 a beneficiary and to which a rollover con-  
7 tribution of such distribution could be  
8 made under section 402(c), 403(a)(4),  
9 403(b)(8), 408(d)(3), or 457(e)(16), as the  
10 case may be.

11 “(ii) TREATMENT OF REPAYMENTS OF  
12 DISTRIBUTIONS FROM ELIGIBLE RETIRE-  
13 MENT PLANS OTHER THAN IRAS.—For  
14 purposes of this title, if a contribution is  
15 made pursuant to clause (i) with respect to  
16 a qualified disaster recovery distribution  
17 from a plan other than an individual re-  
18 tirement plan, then the taxpayer shall, to  
19 the extent of the amount of the contribu-  
20 tion, be treated as having received the  
21 qualified disaster recovery distribution in  
22 an eligible rollover distribution (as defined  
23 in section 402(c)(4)) and as having trans-  
24 ferred the amount to the eligible retire-

1           ment plan in a direct trustee to trustee  
2           transfer within 60 days of the distribution.

3           “(iii) TREATMENT OF REPAYMENTS  
4           FOR DISTRIBUTIONS FROM IRAS.—For  
5           purposes of this title, if a contribution is  
6           made pursuant to clause (i) with respect to  
7           a qualified disaster recovery distribution  
8           from an individual retirement plan, then,  
9           to the extent of the amount of the con-  
10          tribution, the qualified disaster recovery  
11          distribution shall be treated as a distribu-  
12          tion described in section 408(d)(3) and as  
13          having been transferred to the eligible re-  
14          tirement plan in a direct trustee to trustee  
15          transfer within 60 days of the distribution.

16          “(D) INCOME INCLUSION SPREAD OVER 3-  
17          YEAR PERIOD.—

18                 “(i) IN GENERAL.—In the case of any  
19                 qualified disaster recovery distribution, un-  
20                 less the taxpayer elects not to have this  
21                 subparagraph apply for any taxable year,  
22                 any amount required to be included in  
23                 gross income for such taxable year shall be  
24                 so included ratably over the 3-taxable year  
25                 period beginning with such taxable year.



1 of section 301 of the Taxpayer Cer-  
2 tainty and Disaster Tax Relief Act of  
3 2020.

4 “(ii) INCIDENT PERIOD.—The term  
5 ‘incident period’ means, with respect to  
6 any qualified disaster, the period specified  
7 by the Federal Emergency Management  
8 Agency as the period during which such  
9 disaster occurred.

10 “(iii) APPLICABLE DATE.—The term  
11 ‘applicable date’ means the latest of—

12 “(I) the date of the enactment of  
13 this paragraph,

14 “(II) the first day of the incident  
15 period with respect to the qualified  
16 disaster, or

17 “(III) the date of the disaster  
18 declaration with respect to the quali-  
19 fied disaster.

20 “(iv) ELIGIBLE RETIREMENT PLAN.—  
21 The term ‘eligible retirement plan’ shall  
22 have the meaning given such term by sec-  
23 tion 402(c)(8)(B).

24 “(G) SPECIAL RULES.—

1                   “(i) EXEMPTION OF DISTRIBUTIONS  
2 FROM TRUSTEE TO TRUSTEE TRANSFER  
3 AND WITHHOLDING RULES.—For purposes  
4 of sections 401(a)(31), 402(f), and 3405,  
5 qualified disaster recovery distributions  
6 shall not be treated as eligible rollover dis-  
7 tributions.

8                   “(ii) QUALIFIED DISASTER RECOVERY  
9 DISTRIBUTIONS TREATED AS MEETING  
10 PLAN DISTRIBUTION REQUIREMENTS.—  
11 For purposes of this title—

12                   “(I) a qualified disaster recovery  
13 distribution shall be treated as meet-  
14 ing the requirements of sections  
15 401(k)(2)(B)(i), 403(b)(7)(A)(i),  
16 403(b)(11), and 457(d)(1)(A), and

17                   “(II) in the case of a money pur-  
18 chase pension plan, a qualified dis-  
19 aster recovery distribution which is an  
20 in-service withdrawal shall be treated  
21 as meeting the requirements of section  
22 401(a) applicable to distributions.”.

23                   (3) EFFECTIVE DATE.—The amendments made  
24 by this subsection shall apply to distributions with  
25 respect to disasters the incident period (as defined

1 in section 72(t)(11)(F)(ii) of the Internal Revenue  
2 Code of 1986, as added by this subsection) for which  
3 begins on or after the date which is 30 days after  
4 the date of the enactment of the Taxpayer Certainty  
5 and Disaster Tax Relief Act of 2020.

6 (b) RECONTRIBUTIONS OF WITHDRAWALS FOR  
7 HOME PURCHASES.—

8 (1) INDIVIDUAL RETIREMENT PLANS.—Para-  
9 graph (8) of section 72(t) is amended by adding at  
10 the end the following new subparagraph:

11 “(F) RECONTRIBUTIONS.—

12 “(i) GENERAL RULE.—

13 “(I) IN GENERAL.—Any indi-  
14 vidual who received a qualified dis-  
15 tribution may, during the applicable  
16 period, make one or more contribu-  
17 tions in an aggregate amount not to  
18 exceed the amount of such qualified  
19 distribution to an eligible retirement  
20 plan (as defined in section  
21 402(c)(8)(B)) of which such indi-  
22 vidual is a beneficiary and to which a  
23 rollover contribution of such distribu-  
24 tion could be made under section

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

3 “(II) TREATMENT OF REPAY-  
4 MENTS.—Rules similar to the rules of  
5 clauses (ii) and (iii) of paragraph  
6 (11)(C) shall apply for purposes of  
7 this subsection.

8 “(ii) QUALIFIED DISTRIBUTION.—For  
9 purposes of this subparagraph, the term  
10 ‘qualified distribution’ means any distribu-  
11 tion—

12 “(I) which is a qualified first-  
13 time homebuyer distribution,

14 “(II) which was to be used to  
15 purchase or construct a principal resi-  
16 dence in a qualified disaster area, but  
17 which was not so used on account of  
18 the qualified disaster with respect to  
19 such area, and

20 “(III) which was received during  
21 the period beginning on the date  
22 which is 180 days before the first day  
23 of the incident period of such qualified  
24 disaster and ending on the date which

1 is 30 days after the last day of such  
2 incident period.

3 “(iii) APPLICABLE PERIOD.—For pur-  
4 poses of this subparagraph, the term ‘ap-  
5 plicable period’ means, in the case of a  
6 principal residence in a qualified disaster  
7 area with respect to any qualified disaster,  
8 the period beginning on the first day of the  
9 incident period of such qualified disaster  
10 and ending on the date which is 180 days  
11 after the applicable date with respect to  
12 such disaster.”.

13 (2) QUALIFIED PLANS.—Subsection (c) of sec-  
14 tion 402, as amended by this Act, is further amend-  
15 ed by adding at the end the following new para-  
16 graph:

17 “(13) RECONTRIBUTIONS OF WITHDRAWALS  
18 FOR HOME PURCHASES.—

19 “(A) GENERAL RULE.—

20 “(i) IN GENERAL.—Any individual  
21 who received a qualified distribution may,  
22 during the applicable period, make one or  
23 more contributions in an aggregate amount  
24 not to exceed the amount of such qualified  
25 distribution to an eligible retirement plan

1 (as defined in paragraph (8)(B)) of which  
2 such individual is a beneficiary and to  
3 which a rollover contribution of such dis-  
4 tribution could be made under subsection  
5 (c) or section 403(a)(4), 403(b)(8), or  
6 408(d)(3), as the case may be.

7 “(ii) TREATMENT OF REPAYMENTS.—  
8 Rules similar to the rules of clauses (ii)  
9 and (iii) of section 72(t)(11)(C) shall apply  
10 for purposes of this subsection.

11 “(B) QUALIFIED DISTRIBUTION.—For  
12 purposes of this paragraph, the term ‘qualified  
13 distribution’ means any distribution—

14 “(i) described in section  
15 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(i)(V), or  
16 403(b)(11)(B),

17 “(ii) which was to be used to purchase  
18 or construct a principal residence in a  
19 qualified disaster area, but which was not  
20 so used on account of the qualified disaster  
21 with respect to such area, and

22 “(iii) which was received during the  
23 period beginning on the date which is 180  
24 days before the first day of the incident pe-  
25 riod of such qualified disaster and ending

1 on the date which is 30 days after the last  
2 day of such incident period.

3 “(C) DEFINITIONS.—For purposes of this  
4 paragraph—

5 “(i) the terms ‘qualified disaster’,  
6 ‘qualified disaster area’, and ‘incident pe-  
7 riod’ have the meaning given such terms  
8 under section 72(t)(11), and

9 “(ii) the term ‘applicable period’ has  
10 the meaning given such term under section  
11 72(t)(8)(F).”.

12 (3) EFFECTIVE DATE.—The amendments made  
13 by this subsection shall apply to recontributions of  
14 withdrawals for home purchases with respect to dis-  
15 asters the incident period (as defined in section  
16 72(t)(11)(F)(ii) of the Internal Revenue Code of  
17 1986, as added by this subsection) for which begins  
18 on or after the date which is 30 days after the date  
19 of the enactment of the Taxpayer Certainty and Dis-  
20 aster Tax Relief Act of 2020.

21 (c) LOANS FROM QUALIFIED PLANS.—

22 (1) IN GENERAL.—Subsection (p) of section 72  
23 is amended by adding at the end the following new  
24 paragraph:



1 occurs during the period beginning on the  
2 first day of the incident period of such  
3 qualified disaster and ending on the date  
4 which is 180 days after the last day of  
5 such incident period, such due date may be  
6 delayed for 1 year,

7 “(ii) any subsequent repayments with  
8 respect to any such loan may be appro-  
9 priately adjusted to reflect the delay in the  
10 due date under clause (i) and any interest  
11 accruing during such delay, and

12 “(iii) in determining the 5-year period  
13 and the term of a loan under subpara-  
14 graph (B) or (C) of paragraph (2), the pe-  
15 riod described in clause (i) may be dis-  
16 regarded.

17 “(C) DEFINITIONS.—For purposes of this  
18 paragraph—

19 “(i) QUALIFIED INDIVIDUAL.—The  
20 term ‘qualified individual’ means any indi-  
21 vidual—

22 “(I) whose principal place of  
23 abode at any time during the incident  
24 period of any qualified disaster is lo-  
25 cated in the qualified disaster area

1 with respect to such qualified disaster,  
2 and

3 “(II) who has sustained an eco-  
4 nomic loss by reason of such qualified  
5 disaster.

6 “(ii) APPLICABLE PERIOD.—The ap-  
7 plicable period with respect to any disaster  
8 is the period—

9 “(I) beginning on the applicable  
10 date with respect to such disaster, and

11 “(II) ending on the date that is  
12 180 days after such applicable date.

13 “(iii) OTHER TERMS.—For purposes  
14 of this paragraph—

15 “(I) the terms ‘applicable date’,  
16 ‘qualified disaster’, ‘qualified disaster  
17 area’, and ‘incident period’ have the  
18 meaning given such terms under sub-  
19 section (t)(11), and

20 “(II) the term ‘applicable period’  
21 has the meaning given such term  
22 under subsection (t)(8).”.

23 (2) EFFECTIVE DATE.—The amendment made  
24 by paragraph (1) shall apply to plan loans made  
25 with respect to disasters the incident period (as de-

1        fined in section 72(t)(11)(F)(ii) of the Internal Rev-  
2        enue Code of 1986, as added by this subsection) for  
3        which begins on or after the date which is 30 days  
4        after the date of the enactment of the Taxpayer Cer-  
5        tainty and Disaster Tax Relief Act of 2020.

6        (d) GAO REPORT.—The Comptroller General of the  
7        United States shall submit a report to the Committees on  
8        Finance and Health, Education, Labor and Pensions of  
9        the Senate and the Committees on Ways and Means and  
10       Education and Labor of the House of Representatives on  
11       taxpayer utilization of the retirement disaster relief per-  
12       mitted by the amendments made by this section and or  
13       permitted by prior legislation, including a comparison of  
14       utilization by higher and lower income taxpayers and  
15       whether the \$22,000 threshold on distributions provides  
16       adequate relief for taxpayers who suffer from a disaster.

## 17        **TITLE VI—EMPLOYER PLANS**

### 18        **SEC. 601. CREDIT FOR EMPLOYERS WITH RESPECT TO**

#### 19                                **MODIFIED SAFE HARBOR REQUIREMENTS.**

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

1 **“SEC. 45V. CREDIT FOR SMALL EMPLOYERS WITH RESPECT**  
2 **TO MODIFIED SAFE HARBOR REQUIREMENTS**  
3 **FOR AUTOMATIC CONTRIBUTION ARRANGE-**  
4 **MENTS.**

5 “(a) GENERAL RULE.—For purposes of section 38,  
6 in the case of a small employer, the safe harbor adoption  
7 credit determined under this section for any taxable year  
8 is the amount equal to the total of the employer’s match-  
9 ing contributions under section 401(k)(16)(D) during the  
10 taxable year on behalf of employees who are not highly  
11 compensated employees.

12 “(b) LIMITATIONS.—

13 “(1) LIMITATION WITH RESPECT TO COM-  
14 PENSATION.—The credit determined under sub-  
15 section (a) with respect to contributions made on be-  
16 half of any employee shall not exceed 2 percent of  
17 the compensation of such employee for the taxable  
18 year.

19 “(2) LIMITATION WITH RESPECT TO YEARS OF  
20 PARTICIPATION.—A credit shall be determined under  
21 subsection (a) with respect to contributions made on  
22 behalf of any employee only during the first 5 years  
23 such employee participates in the secure deferral ar-  
24 rangement.

25 “(c) DEFINITIONS.—

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

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

8           “(d) SPECIAL RULES.—

9           “(1) AGGREGATION RULES.—For purposes of  
10          this section, all persons treated as a single employer  
11          under subsection (a) or (b) of section 52, or sub-  
12          section (m) or (o) of section 414, shall be treated as  
13          one person and all plans of the employer shall be  
14          treated as 1 eligible plan.

15          “(2) DENIAL OF DOUBLE BENEFIT.—No deduc-  
16          tion shall be allowable under this title for any con-  
17          tribution with respect to which a credit is allowed  
18          under this section.

19          “(3) ELECTION NOT TO CLAIM CREDIT.—This  
20          section shall not apply to a taxpayer for any taxable  
21          year if such taxpayer elects to have this section not  
22          apply for such taxable year.”.

23          (b) CREDIT TO BE PART OF GENERAL BUSINESS  
24          CREDIT.—Subsection (b) of section 38, as amended by  
25          this Act, is further amended by striking “plus” at the end

1 of paragraph (33), by striking the period at the end of  
2 paragraph (34) and inserting “, plus”, and by adding at  
3 the end the following new paragraph:

4 “(35) the safe harbor adoption credit deter-  
5 mined under section 45V.”.

6 (c) TREATMENT OF CREDIT FOR CERTIFIED PRO-  
7 FESSIONAL EMPLOYER ORGANIZATIONS.—Paragraph (2)  
8 of section 3511(d), as amended by this Act, is further  
9 amended—

10 (1) by redesignating subparagraphs (G), (H),  
11 and (I) as subparagraphs (H), (I), and (J), respec-  
12 tively, and

13 (2) by inserting after subparagraph (F) the fol-  
14 lowing new subparagraph:

15 “(G) section 45V (safe harbor adoption  
16 credit),”.

17 (d) CLERICAL AMENDMENT.—The table of sections  
18 for subpart D of part IV of subchapter A of chapter 1,  
19 as amended by this Act, is further amended by inserting  
20 after the item relating to section 45U the following new  
21 item:

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

22 (e) EFFECTIVE DATE.—The amendments made by  
23 this section shall apply to taxable years which include any  
24 portion of a plan year beginning after December 31, 2023.

1 **SEC. 602. APPLICATION OF TOP HEAVY RULES TO DEFINED**  
2 **CONTRIBUTION PLANS COVERING EXCLUD-**  
3 **ABLE EMPLOYEES.**

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

7 “(C) APPLICATION TO EMPLOYEES NOT  
8 MEETING AGE AND SERVICE REQUIREMENTS.—  
9 Any employees not meeting the age or service  
10 requirements of section 410(a)(1) (without re-  
11 gard to subparagraph (B) thereof) may be ex-  
12 cluded from consideration in determining  
13 whether any plan of the employer meets the re-  
14 quirements of subparagraphs (A) and (B).”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 subsection (a) shall apply to plan years beginning after  
17 the date of the enactment of this Act.

18 **SEC. 603. INCREASE IN CREDIT LIMITATION FOR SMALL**  
19 **EMPLOYER PENSION PLAN STARTUP COSTS**  
20 **OF CERTAIN EMPLOYERS.**

21 (a) IN GENERAL.—Subsection (a) of section 45E is  
22 amended by inserting before the period at the end the fol-  
23 lowing: “(75 percent of such costs in the case of an eligible  
24 employer, as determined by substituting ‘25’ for ‘100’ in  
25 section 408(p)(2)(C)(i))”.

1 (b) TREATMENT OF CREDIT FOR CERTIFIED PRO-  
2 FESSIONAL EMPLOYER ORGANIZATIONS.—Paragraph (2)  
3 of section 3511(d), as amended by this Act, is further  
4 amended—

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

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

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

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to taxable years beginning after  
14 December 31, 2023.

15 **SEC. 604. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**  
16 **RESOLUTION SYSTEM.**

17 (a) IN GENERAL.—Except as otherwise provided in  
18 guidance prescribed by the Secretary of the Treasury or  
19 the Secretary’s delegate (referred to in this section as the  
20 “Secretary”), any eligible inadvertent failure to comply  
21 with the rules applicable under section 401(a), 403(a),  
22 403(b), 408(p), or 408(k) of the Internal Revenue Code  
23 of 1986 may be self-corrected under the Employee Plans  
24 Compliance Resolution System (as described in Revenue  
25 Procedure 2021–30 or any successor guidance, and here-

1 after referred to in this section as the “EPCRS”), except  
2 to the extent that such failure was identified by the Sec-  
3 retary prior to any actions which demonstrate a commit-  
4 ment to implement a self-correction. Revenue Procedure  
5 2021–30 is deemed amended as of the date of the enact-  
6 ment of this Act to provide that, except as otherwise pro-  
7 vided under such Code or other guidance prescribed by  
8 the Secretary, the correction period under section 9.02 of  
9 such Revenue Procedure (or any successor guidance) for  
10 an eligible inadvertent failure is indefinite and has no last  
11 day, other than with respect to failures identified by the  
12 Secretary prior to any self-correction as described in the  
13 preceding sentence.

14 (b) LOAN ERRORS.—In the case of an eligible inad-  
15 vertent failure relating to a loan from a plan to a partici-  
16 pant, such failure may be self-corrected under subsection  
17 (a) according to the rules of section 6.07 of Revenue Pro-  
18 cedure 2021–30 (or any successor guidance), including the  
19 provisions related to whether a deemed distribution must  
20 be reported on Form 1099–R.

21 (c) EPCRS FOR IRAS.—The Secretary shall expand  
22 the EPCRS to allow custodians of individual retirement  
23 plans (as defined in section 7701(a)(37) of the Internal  
24 Revenue Code of 1986) to address eligible inadvertent fail-

1 ures with respect to individual retirement plans (as so de-  
2 fined), including—

3 (1) waivers of the excise tax which would other-  
4 wise apply under section 4974 of the Internal Rev-  
5 enue Code of 1986; and

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

14 (d) CORRECTION METHODS FOR ELIGIBLE INAD-  
15 VERTENT FAILURES.—The Secretary shall issue guidance  
16 on correction methods that are required to be used to cor-  
17 rect eligible inadvertent failures, including general prin-  
18 ciples of correction if a specific correction method is not  
19 specified by the Secretary.

20 (e) ELIGIBLE INADVERTENT FAILURE.—For pur-  
21 poses of this section—

22 (1) IN GENERAL.—Except as provided in para-  
23 graph (2), the term “eligible inadvertent failure”  
24 means a failure that occurs despite the existence of  
25 practices and procedures which—

1 (A) satisfy the standards set forth in sec-  
2 tion 4.04 of Revenue Procedure 2021–30 (or  
3 any successor guidance), or

4 (B) satisfy similar standards in the case of  
5 an individual retirement plan.

6 (2) EXCEPTION.—The term “eligible inad-  
7 vertent failure” shall not include any failure which  
8 is egregious, relates to the diversion or misuse of  
9 plan assets, or is directly or indirectly related to an  
10 abusive tax avoidance transaction.

11 (f) DEADLINE.—Any guidance, or revision to any  
12 such guidance, required by this section shall be promul-  
13 gated not later than the date which is 2 years after the  
14 date of the enactment of this Act.

15 **SEC. 605. APPLICATION OF CREDIT FOR SMALL EMPLOYER**  
16 **PENSION PLAN STARTUP COSTS TO EMPLOY-**  
17 **ERS WHICH JOIN AN EXISTING PLAN.**

18 (a) IN GENERAL.—Section 45E(d)(3)(A) is amended  
19 by striking “effective” and inserting “effective with re-  
20 spect to the eligible employer”.

21 (b) EFFECTIVE DATE.—The amendment made by  
22 this section shall apply to eligible employer plans which  
23 become effective with respect to the eligible employer after  
24 the date of the enactment of this Act.

1 **SEC. 606. SAFE HARBOR FOR CORRECTIONS OF EMPLOYEE**  
2 **ELECTIVE DEFERRAL FAILURES.**

3 The Secretary of the Treasury shall modify Appendix  
4 A.05(8) of Revenue Procedure 2021-30 (the Employee  
5 Plans Compliance Resolution System, or EPCRS) not  
6 later than December 31, 2023—

7 (1) to provide that the special safe harbor cor-  
8 rection method provided in Appendix A.05(8) for  
9 failures related to automatic contribution features in  
10 a section 401(k) plan or a section 403(b) plan is not  
11 limited to failures that begin on or before December  
12 31, 2023, and

13 (2) to clarify that EPCRS correction methods  
14 for failures related to automatic contribution fea-  
15 tures that require notices to a participant can be  
16 satisfied without regard to whether the participant  
17 remains employed at the time corrections are made.

18 **SEC. 607. REFORM OF FAMILY ATTRIBUTION RULE.**

19 (a) IN GENERAL.—Section 414 is amended—

20 (1) in subsection (b)—

21 (A) by striking “For purposes of” and in-  
22 serting the following:

23 “(1) IN GENERAL.—For purposes of”, and

24 (B) by adding at the end the following new  
25 paragraphs:

1           “(2) SPECIAL RULES FOR APPLYING FAMILY  
2           ATTRIBUTION.—For purposes of applying the attri-  
3           bution rules under section 1563 with respect to  
4           paragraph (1), the following rules apply:

5                   “(A) Community property laws shall be  
6                   disregarded for purposes of determining owner-  
7                   ship.

8                   “(B) Except as provided by the Secretary,  
9                   stock of an individual not attributed under sec-  
10                  tion 1563(e)(5) to such individual’s spouse shall  
11                  not be attributed to such spouse by reason of  
12                  the combined application of paragraphs (1) and  
13                  (6)(A) of section 1563(e).

14                  “(C) Except as provided by the Secretary,  
15                  in the case of stock in different corporations  
16                  that is attributed to a child under section  
17                  1563(e)(6)(A) from each parent, and is not at-  
18                  tributed to such parents as spouses under sec-  
19                  tion 1563(e)(5), such attribution to the child  
20                  shall not by itself result in such corporations  
21                  being members of the same controlled group.

22                  “(3) PLAN SHALL NOT FAIL TO BE TREATED AS  
23                  SATISFYING THIS SECTION.—If application of para-  
24                  graph (2) causes 2 or more entities to be a con-  
25                  trolled group or to no longer be in a controlled

1 group, such change shall be treated as a transaction  
2 to which section 410(b)(6)(C) applies.”, and

3 (2) in subsection (m)(6)(B)—

4 (A) by striking “OWNERSHIP.—In deter-  
5 mining” and inserting the following: “OWNER-  
6 SHIP.—

7 “(i) IN GENERAL.—In determining”,

8 (B) by adding at the end the following new  
9 clauses:

10 “(ii) SPECIAL RULES FOR APPLYING  
11 FAMILY ATTRIBUTION.—For purposes of  
12 applying the attribution rules under section  
13 318 with respect to clause (i), the following  
14 rules apply:

15 “(I) Community property laws  
16 shall be disregarded for purposes of  
17 determining ownership.

18 “(II) Except as provided by the  
19 Secretary, stock of an individual not  
20 attributed under section  
21 318(a)(1)(A)(i) to such individual’s  
22 spouse shall not be attributed by rea-  
23 son of the combined application of  
24 paragraphs (1)(A)(ii) and (4) of sec-  
25 tion 318(a) to such spouse from a

1 child who has not attained the age of  
2 21 years.

3 “(III) Except as provided by the  
4 Secretary, in the case of stock in dif-  
5 ferent organizations which is attrib-  
6 uted under section 318(a)(1)(A)(ii)  
7 from each parent to a child who has  
8 not attained the age of 21 years, and  
9 is not attributed to such parents as  
10 spouses under section 318(a)(1)(A)(i),  
11 such attribution to the child shall not  
12 by itself result in such organizations  
13 being members of the same affiliated  
14 service group.

15 “(iii) PLAN SHALL NOT FAIL TO BE  
16 TREATED AS SATISFYING THIS SECTION.—  
17 If the application of clause (ii) causes two  
18 or more entities to be an affiliated service  
19 group, or to no longer be in an affiliated  
20 service group, such change shall be treated  
21 as a transaction to which section  
22 410(b)(6)(C) applies.”, and

23 (C) by striking “apply” in clause (i), as so  
24 added, and inserting “apply, except that com-

1           munity property laws shall be disregarded for  
2           purposes of determining ownership”.

3           (b) **EFFECTIVE DATE.**—The amendments made by  
4 this section shall apply to plan years beginning after De-  
5 cember 31, 2023.

6 **SEC. 608. CONTRIBUTION LIMIT FOR SIMPLE IRAS.**

7           (a) **IN GENERAL.**—Subparagraph (E) of section  
8 408(p)(2) is amended—

9                   (1) by striking “amount is” and all that follows  
10           in clause (i) and inserting “dollar amount is—

11                                   “(I) \$16,500 in the case of an el-  
12                                   igible employer described in clause  
13                                   (iii) which had not more than 25 em-  
14                                   ployees who received at least \$5,000  
15                                   of compensation from the employer  
16                                   for the preceding year,

17                                   “(II) \$16,500 in the case of an  
18                                   eligible employer described in clause  
19                                   (iii) which is not described in sub-  
20                                   clause (I) and which elects, at such  
21                                   time and in such manner as pre-  
22                                   scribed by the Secretary, the applica-  
23                                   tion of this subclause for the year,  
24                                   and

1                   “(III) \$10,000 in any other  
2                   case.”,

3                   (2) by striking “ADJUSTMENT.—In the case of”  
4                   in clause (ii) and inserting “ADJUSTMENT.—

5                   “(I) CERTAIN LARGE EMPLOY-  
6                   ERS.—In the case of”,

7                   (3) by striking “clause (i)” in clause (ii) and in-  
8                   serting “clause (i)(III)”, and

9                   (4) by adding at the end of clause (ii) the fol-  
10                  lowing new subclause:

11                   “(II) OTHER EMPLOYERS.—In  
12                   the case of a year beginning after De-  
13                   cember 31, 2024, the Secretary shall  
14                   adjust annually the \$16,500 amount  
15                   in subclauses (I) and (II) of clause (i)  
16                   in the manner provided under sub-  
17                   clause (I) of this clause, except that  
18                   the base period taken into account  
19                   shall be the calendar quarter begin-  
20                   ning July 1, 2023.”.

21                  (b) CATCH-UP CONTRIBUTIONS.—Paragraph (2) of  
22                  section 414(v) is amended—

23                   (1) in subparagraph (B)—

1 (A) by striking “the applicable” in clause  
2 (ii) and inserting “except as provided in clause  
3 (iii), the applicable”; and

4 (B) by adding at the end the following new  
5 clause:

6 “(iii) In the case of an applicable em-  
7 ployer plan—

8 (I) which is maintained by an  
9 eligible employer described in section  
10 408(p)(2)(E)(i)(I), or

11 (II) to which an election under  
12 section 408(p)(2)(E)(i)(II) applies for  
13 the year (including a plan described in  
14 section 401(k)(11) which is main-  
15 tained by an eligible employer de-  
16 scribed in section 408(p)(2)(E)(i)(II)  
17 and to which such election applies by  
18 reason of subparagraphs (B)(i)(I) and  
19 (E) of section 401(k)(11)),

20 the applicable dollar amount is \$4,750.”,  
21 and

22 (2) in subparagraph (C), as amended by this  
23 Act, by striking “and the \$2,500 amount in sub-  
24 paragraph (B)(ii)” and inserting “, the \$2,500

1 amount in subparagraph (B)(ii), and the \$4,750  
2 amount in subparagraph (B)(iii)”.

3 (c) EMPLOYER MATCH.—Clause (ii) of section  
4 408(p)(2)(C) is amended—

5 (1) by striking “The term” in subclause (I) and  
6 inserting “Except as provided in subclause (IV), the  
7 term”,

8 (2) by adding at the end the following new sub-  
9 clause:

10 “(IV) SPECIAL RULE FOR ELECT-  
11 ING LARGER EMPLOYERS.—In the  
12 case of an employer which had more  
13 than 25 employees who received at  
14 least \$5,000 of compensation from the  
15 employer for the preceding year, and  
16 which makes the election under sub-  
17 paragraph (E)(i)(II) for any year,  
18 subclause (I) shall be applied for such  
19 year by substituting ‘4 percent’ for ‘3  
20 percent’.”, and

21 (3) by striking “3 percent” each place it ap-  
22 pears in subclauses (II) and (III) and inserting “the  
23 applicable percentage”.

24 (d) INCREASE IN NONELECTIVE EMPLOYER CON-  
25 TRIBUTION FOR ELECTING LARGER EMPLOYERS.—Sub-

1 paragraph (B) of section 408(p)(2) is amended by adding  
2 at the end the following new clause:

3 “(iii) SPECIAL RULE FOR ELECTING  
4 LARGER EMPLOYERS.—In the case of an  
5 employer which had more than 25 employ-  
6 ees who received at least \$5,000 of com-  
7 pensation from the employer for the pre-  
8 ceding year, and which makes the election  
9 under subparagraph (E)(i)(II) for any  
10 year, clause (i) shall be applied for such  
11 year by substituting ‘3 percent’ for ‘2 per-  
12 cent’.”.

13 (e) TRANSITION RULE.—Paragraph (2) of section  
14 408(p), as amended by this Act, is further amended by  
15 adding at the end the following new subparagraph:

16 “(H) 2-YEAR GRACE PERIOD.—An eligible  
17 employer which had not more than 25 employ-  
18 ees who received at least \$5,000 of compensa-  
19 tion from the employer for 1 or more years, and  
20 which has more than 25 such employees for any  
21 subsequent year, shall be treated for purposes  
22 of subparagraph (E)(i) as having 25 such em-  
23 ployees for the 2 years following the last year  
24 the employer had not more than 25 such em-  
25 ployees, and not as having made the election

1 under subparagraph (E)(i)(II) for such 2 years.  
2 Rules similar to the second sentence of sub-  
3 paragraph (C)(i)(II) shall apply for purposes of  
4 this subparagraph.”.

5 (f) AMENDMENTS APPLY ONLY IF EMPLOYER HAS  
6 NOT HAD ANOTHER PLAN WITHIN 3 YEARS.—Subpara-  
7 graph (E) of section 408(p)(2), as amended by subsection  
8 (a), is further amended by adding at the end the following  
9 new clause:

10 “(iii) EMPLOYER HAS NOT HAD AN-  
11 OTHER PLAN WITHIN 3 YEARS.—An eligi-  
12 ble employer is described in this clause  
13 only if, during the 3-taxable-year period  
14 immediately preceding the 1st year the em-  
15 ployer maintains the qualified salary re-  
16 duction arrangement under this paragraph,  
17 neither the employer nor any member of  
18 any controlled group including the em-  
19 ployer (or any predecessor of either) estab-  
20 lished or maintained any plan described in  
21 clause (i), (ii), or (iv) of section  
22 219(g)(5)(A) with respect to which con-  
23 tributions were made, or benefits were ac-  
24 crued, for substantially the same employees

1 as are eligible to participate in such quali-  
2 fied salary reduction arrangement.”.

3 (g) CONFORMING AMENDMENTS RELATING TO SIM-  
4 PLE 401(k)s.—

5 (1) Subclause (I) of section 401(k)(11)(B)(i) is  
6 amended by inserting “(after the application of any  
7 election under section 408(p)(2)(E)(i)(II))” before  
8 the comma.

9 (2) Paragraph (11) of section 401(k) is amend-  
10 ed by adding at the end the following new subpara-  
11 graph:

12 “(E) EMPLOYERS ELECTING INCREASED  
13 CONTRIBUTIONS.—In the case of an employer  
14 which applies an election under section  
15 408(p)(2)(E)(i)(II) for purposes of the con-  
16 tribution requirements of this paragraph under  
17 subparagraph (B)(i)(I), rules similar to the  
18 rules of subparagraphs (B)(iii), (C)(ii)(IV), and  
19 (G) of section 408(p)(2) shall apply for pur-  
20 poses of subparagraphs (B)(i)(II) and (B)(ii) of  
21 this paragraph.”.

22 (h) PLAN FORMS TO BE SHARED WITH SEC-  
23 RETARY.—

1           (1) IN GENERAL.—Subsection (p) of section  
2           408 is amended by adding at the end the following  
3           new paragraph:

4           “(11) PLAN ARRANGEMENT TO BE SHARED  
5           WITH SECRETARY.—The trustee or issuer (in the  
6           case of an individual retirement annuity) of a simple  
7           retirement account shall provide to the Secretary, at  
8           the time the qualified salary reduction arrangement  
9           is established (or not later than December 31, 2024,  
10          in the case of arrangements in effect on the date of  
11          the enactment of this paragraph), a copy of the writ-  
12          ten arrangement described in paragraph (2)(A).”.

13          (2) SIMPLE 401(K)S.—Paragraph (11) of section  
14          401(k), as amended by this section, is further  
15          amended by adding at the end the following new  
16          subparagraph:

17          “(F) PLAN ARRANGEMENT TO BE SHARED  
18          WITH SECRETARY.—The plan administrator of  
19          a cash and deferred arrangement under this  
20          paragraph shall provide to the Secretary, at the  
21          time the arrangement is established (or not  
22          later than December 31, 2024, in the case of  
23          arrangements in effect on the date of the enact-  
24          ment of this paragraph), a written copy of the  
25          arrangement.”.

1 (i) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2023.

4 (j) REPORTS BY SECRETARY.—

5 (1) IN GENERAL.—The Secretary of the Treas-  
6 ury shall, not later than December 31, 2024, and  
7 annually thereafter, report to the Committees on Fi-  
8 nance and Health, Education, Labor, and Pensions  
9 of the Senate and the Committees on Ways and  
10 Means and Education and Labor of the House of  
11 Representatives on the data described in paragraph  
12 (2), together with any recommendations the Sec-  
13 retary deems appropriate.

14 (2) DATA DESCRIBED.—For purposes of the re-  
15 port required under paragraph (1), the Secretary of  
16 the Treasury shall collect data and information on—

17 (A) the number of plans described in sec-  
18 tion 408(p) or 401(k)(11) of the Internal Rev-  
19 enue Code of 1986 that are maintained or es-  
20 tablished during a year;

21 (B) the number of participants eligible to  
22 participate in such plans for such year;

23 (C) median contribution amounts for the  
24 participants described in subparagraph (B);

1 (D) the types of investments that are most  
2 common under such plans; and

3 (E) the fee levels charged in connection  
4 with the maintenance of accounts under such  
5 plans.

6 Such data and information shall be collected sepa-  
7 rately for each type of plan. For purposes of col-  
8 lecting such data, the Secretary of the Treasury may  
9 use such data as is otherwise available to the Sec-  
10 retary for publication and may use such approaches  
11 as are appropriate under the circumstances, includ-  
12 ing the use of voluntary surveys and collaboration on  
13 studies.

14 **SEC. 609. EMPLOYERS ALLOWED TO REPLACE SIMPLE RE-**  
15 **TIREMENT ACCOUNTS WITH SAFE HARBOR**  
16 **401(k) PLANS DURING A YEAR.**

17 (a) IN GENERAL.—Section 408(p), as amended by  
18 this Act, is further amended by adding at the end the fol-  
19 lowing new paragraph:

20 “(12) REPLACEMENT OF SIMPLE RETIREMENT  
21 ACCOUNTS WITH SAFE HARBOR PLANS DURING PLAN  
22 YEAR.—

23 “(A) IN GENERAL.—Subject to the re-  
24 quirements of this paragraph, an employer may  
25 elect (in such form and manner as the Sec-

1           retary may prescribe) at any time during a year  
2           to terminate the qualified salary reduction ar-  
3           rangement under paragraph (2), but only if the  
4           employer establishes and maintains (as of the  
5           day after the termination date) a safe harbor  
6           plan to replace the terminated arrangement.

7           “(B) COMBINED LIMITS ON CONTRIBU-  
8           TIONS.—The terminated arrangement and safe  
9           harbor plan shall both be treated as violating  
10          the requirements of paragraph (2)(A)(ii) or sec-  
11          tion 401(a)(30) (whichever is applicable) if the  
12          aggregate elective contributions of the employee  
13          under the terminated arrangement during its  
14          last plan year and under the safe harbor plan  
15          during its transition year exceed the sum of—

16               “(i) the applicable dollar amount for  
17               such arrangement (determined on a full-  
18               year basis) under this subsection (after the  
19               application of section 414(v)) with respect  
20               to the employee for such last plan year  
21               multiplied by a fraction equal to the num-  
22               ber of days in such plan year divided by  
23               365, and

24               “(ii) the applicable dollar amount (as  
25               so determined) under section 402(g)(1) for

1           such safe harbor plan on such elective con-  
2           tributions during the transition year multi-  
3           plied by a fraction equal to the number of  
4           days in such transition year divided by  
5           365.

6           “(C) TRANSITION YEAR.—For purposes of  
7           this paragraph, the transition year is the period  
8           beginning after the termination date and ending  
9           on the last day of the calendar year during  
10          which the termination occurs.

11          “(D) SAFE HARBOR PLAN.—For purposes  
12          of this paragraph, the term ‘safe harbor plan’  
13          means a qualified cash or deferred arrangement  
14          which meets the requirements of paragraph  
15          (11), (12), (13), or (16) of section 401(k).”.

16          (b) WAIVER OF 2-YEAR WITHDRAWAL LIMITATION  
17          IN CASE OF PLANS CONVERTING TO 401(k) OR 403(b).—

18           (1) IN GENERAL.—Paragraph (6) of section  
19          72(t) is amended—

20           (A) by striking “ACCOUNTS.—In the case  
21          of” and inserting “ACCOUNTS.—

22           “(A) IN GENERAL.—In the case of”, and

23           (B) by adding at the end the following new  
24          subparagraph:

1           “(B) WAIVER IN CASE OF PLAN CONVER-  
2           SION TO 401(k) OR 403(b).—In the case of an  
3           employee of an employer which terminates the  
4           qualified salary reduction arrangement of the  
5           employer under section 408(p) and establishes  
6           a qualified cash or deferred arrangement de-  
7           scribed in section 401(k) or purchases annuity  
8           contracts described in section 403(b), subpara-  
9           graph (A) shall not apply to any amount which  
10          is paid in a rollover contribution described in  
11          section 408(d)(3) into a qualified trust under  
12          section 401(k) (but only if such contribution is  
13          subsequently subject to the rules of section  
14          401(k)(2)(B)) or an annuity contract described  
15          in section 403(b) (but only if such contribution  
16          is subsequently subject to the rules of section  
17          403(b)(11)) for the benefit of the employee.”.

18          (2) CONFORMING AMENDMENT.—Subparagraph  
19          (G) of section 408(d)(3) is amended by striking  
20          “72(t)(6)” and inserting “72(t)(6)(A)”.

21          (c) EFFECTIVE DATE.—The amendments made by  
22          this section shall apply to plan years beginning after De-  
23          cember 31, 2023.

1 **SEC. 610. STARTER 401(k) PLANS FOR EMPLOYERS WITH NO**  
2 **RETIREMENT PLAN.**

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

6 “(17) STARTER 401(k) DEFERRAL-ONLY PLANS  
7 FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

8 “(A) IN GENERAL.—A starter 401(k) de-  
9 ferral-only arrangement maintained by an eligi-  
10 ble employer shall be treated as meeting the re-  
11 quirements of paragraph (3)(A)(ii).

12 “(B) STARTER 401(k) DEFERRAL-ONLY  
13 ARRANGEMENT.—For purposes of this para-  
14 graph, the term ‘starter 401(k) deferral-only  
15 arrangement’ means any cash or deferred ar-  
16 rangement which meets—

17 “(i) the automatic deferral require-  
18 ments of subparagraph (C),

19 “(ii) the contribution limitations of  
20 subparagraph (D), and

21 “(iii) the requirements of subpara-  
22 graph (E) of paragraph (13).

23 “(C) AUTOMATIC DEFERRAL.—

24 “(i) IN GENERAL.—The requirements  
25 of this subparagraph are met if, under the  
26 arrangement, each eligible employee is

1 treated as having elected to have the em-  
2 ployer make elective contributions in an  
3 amount equal to a qualified percentage of  
4 compensation.

5 “(ii) ELECTION OUT.—The election  
6 treated as having been made under clause  
7 (i) shall cease to apply with respect to any  
8 employee if such employee makes an af-  
9 firmative election—

10 “(I) to not have such contribu-  
11 tions made, or

12 “(II) to make elective contribu-  
13 tions at a level specified in such af-  
14 firmative election.

15 “(iii) QUALIFIED PERCENTAGE.—For  
16 purposes of this subparagraph, the term  
17 ‘qualified percentage’ means, with respect  
18 to any employee, any percentage deter-  
19 mined under the arrangement if such per-  
20 centage is applied uniformly and is not less  
21 than 3 or more than 15 percent.

22 “(D) CONTRIBUTION LIMITATIONS.—

23 “(i) IN GENERAL.—The requirements  
24 of this subparagraph are met if, under the  
25 arrangement—

1                   “(I) the only contributions which  
2                   may be made are elective contribu-  
3                   tions of employees described in sub-  
4                   paragraph (C), and

5                   “(II) the aggregate amount of  
6                   such elective contributions which may  
7                   be made with respect to any employee  
8                   for any calendar year shall not exceed  
9                   \$6,000.

10                  “(ii) COST-OF-LIVING ADJUSTMENT.—  
11                  In the case of any calendar year beginning  
12                  after December 31, 2024, the \$6,000  
13                  amount under clause (i) shall be adjusted  
14                  in the same manner as under section  
15                  402(g)(4), except that ‘2023’ shall be sub-  
16                  stituted for ‘2005’.

17                  “(iii) CATCH-UP CONTRIBUTIONS FOR  
18                  INDIVIDUALS AGE 50 OR OVER.—In the  
19                  case of an individual who has attained the  
20                  age of 50 before the close of the taxable  
21                  year, the limitation under clause (i)(II)  
22                  shall be increased by the applicable amount  
23                  determined under section 219(b)(5)(B)(ii)  
24                  (after the application of section  
25                  219(b)(5)(C)(iii)).

1                   “(E) ELIGIBLE EMPLOYER.—For purposes  
2 of this paragraph—

3                   “(i) IN GENERAL.—The term ‘eligible  
4 employer’ means any employer if the em-  
5 ployer does not maintain a qualified plan  
6 with respect to which contributions are  
7 made, or benefits are accrued, for service  
8 in the year for which the determination is  
9 being made. If only individuals other than  
10 employees described in subparagraph (A)  
11 of section 410(b)(3) are eligible to partici-  
12 pate in such arrangement, then the pre-  
13 ceding sentence shall be applied without  
14 regard to any qualified plan in which only  
15 employees described in such subparagraph  
16 are eligible to participate.

17                   “(ii) RELIEF FOR ACQUISITIONS,  
18 ETC.—Rules similar to the rules of section  
19 408(p)(10) shall apply for purposes of  
20 clause (i).

21                   “(iii) QUALIFIED PLAN.—The term  
22 ‘qualified plan’ means a plan, contract,  
23 pension, account, or trust described in sub-  
24 paragraph (A) or (B) of paragraph (5) of  
25 section 219(g) (determined without regard

1 to the last sentence of such paragraph  
2 (5)).

3 “(F) ELIGIBLE EMPLOYEE.—For purposes  
4 of this paragraph—

5 “(i) IN GENERAL.—The term ‘eligible  
6 employee’ means any employee of the em-  
7 ployer who meets the minimum age and  
8 service conditions described in section  
9 410(a)(1).

10 “(ii) EXCLUSIONS.—The employer  
11 may elect to exclude from such definition  
12 any employee described in paragraph (3)  
13 or (4) of section 410(b).”.

14 (b) CERTAIN ANNUITY CONTRACTS.—Subsection (b)  
15 of section 403, as amended by this Act, is further amended  
16 by adding at the end the following new paragraph:

17 “(17) SAFE HARBOR DEFERRAL-ONLY PLANS  
18 FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

19 “(A) IN GENERAL.—A safe harbor defer-  
20 ral-only plan maintained by an eligible employer  
21 shall be treated as meeting the requirements of  
22 paragraph (12).

23 “(B) SAFE HARBOR DEFERRAL-ONLY  
24 PLAN.—For purposes of this paragraph, the

1 term ‘safe harbor deferral-only plan’ means any  
2 plan which meets—

3 “(i) the automatic deferral require-  
4 ments of subparagraph (C),

5 “(ii) the contribution limitations of  
6 subparagraph (D), and

7 “(iii) the requirements of subpara-  
8 graph (E) of section 401(k)(13).

9 “(C) AUTOMATIC DEFERRAL.—

10 “(i) IN GENERAL.—The requirements  
11 of this subparagraph are met if, under the  
12 plan, each eligible employee is treated as  
13 having elected to have the employer make  
14 elective contributions in an amount equal  
15 to a qualified percentage of compensation.

16 “(ii) ELECTION OUT.—The election  
17 treated as having been made under clause  
18 (i) shall cease to apply with respect to any  
19 eligible employee if such eligible employee  
20 makes an affirmative election—

21 “(I) to not have such contribu-  
22 tions made, or

23 “(II) to make elective contribu-  
24 tions at a level specified in such af-  
25 firmative election.

1                   “(iii) QUALIFIED PERCENTAGE.—For  
2 purposes of this subparagraph, the term  
3 ‘qualified percentage’ means, with respect  
4 to any employee, any percentage deter-  
5 mined under the plan if such percentage is  
6 applied uniformly and is not less than 3 or  
7 more than 15 percent.

8                   “(D) CONTRIBUTION LIMITATIONS.—

9                   “(i) IN GENERAL.—The requirements  
10 of this subparagraph are met if, under the  
11 plan—

12                   “(I) the only contributions which  
13 may be made are elective contribu-  
14 tions of eligible employees, and

15                   “(II) the aggregate amount of  
16 such elective contributions which may  
17 be made with respect to any employee  
18 for any calendar year shall not exceed  
19 \$6,000.

20                   “(ii) COST-OF-LIVING ADJUSTMENT.—

21 In the case of any calendar year beginning  
22 after December 31, 2024, the \$6,000  
23 amount under clause (i) shall be adjusted  
24 in the same manner as under section

1 402(g)(4), except that ‘2023’ shall be sub-  
2 stituted for ‘2005’.

3 “(iii) CATCH-UP CONTRIBUTIONS FOR  
4 INDIVIDUALS AGE 50 OR OVER.—In the  
5 case of an individual who has attained the  
6 age of 50 before the close of the taxable  
7 year, the limitation under clause (i)(II)  
8 shall be increased by the applicable amount  
9 determined under section 219(b)(5)(B)(ii)  
10 (after the application of section  
11 219(b)(5)(C)(iii)).

12 “(E) ELIGIBLE EMPLOYER.—For purposes  
13 of this paragraph—

14 “(i) IN GENERAL.—The term ‘eligible  
15 employer’ means any employer if the em-  
16 ployer does not maintain a qualified plan  
17 with respect to which contributions are  
18 made, or benefits are accrued, for service  
19 in the year for which the determination is  
20 being made. If only individuals other than  
21 employees described in subparagraph (A)  
22 of section 410(b)(3) are eligible to partici-  
23 pate in such arrangement, then the pre-  
24 ceding sentence shall be applied without  
25 regard to any qualified plan in which only

1 employees described in such subparagraph  
2 are eligible to participate.

3 “(ii) RELIEF FOR ACQUISITIONS,  
4 ETC.—Rules similar to the rules of section  
5 408(p)(10) shall apply for purposes of  
6 clause (i).

7 “(iii) QUALIFIED PLAN.—The term  
8 ‘qualified plan’ means a plan, contract,  
9 pension, account, or trust described in sub-  
10 paragraph (A) or (B) of paragraph (5) of  
11 section 219(g) (determined without regard  
12 to the last sentence of such paragraph  
13 (5)).

14 “(F) ELIGIBLE EMPLOYEE.—For purposes  
15 of this paragraph, the term ‘eligible employee’  
16 means any employee of the employer other than  
17 an employee who is permitted to be excluded  
18 under paragraph (12)(A).”.

19 (c) STARTER AND SAFE HARBOR PLANS NOT  
20 TREATED AS TOP-HEAVY PLANS.—Subparagraph (H) of  
21 section 416(g)(4), as amended by this Act, is further  
22 amended—

23 (1) by striking “ARRANGEMENTS” in the head-  
24 ing and inserting “ARRANGEMENTS OR PLANS”,

1           (2) by striking “, and” at the end of clause (i)  
2           and inserting “and matching contributions with re-  
3           spect to which the requirements of paragraph (11),  
4           (12), or (13) of section 401(m) are met, or”, and  
5           (3) by striking clause (ii) and inserting after  
6           clause (i) the following new clause:

7                       “(ii) a starter 401(k) deferral-only ar-  
8                       rangement described in section  
9                       401(k)(17)(B) or a safe harbor deferral-  
10                      only plan described in section  
11                      403(b)(17).”.

12           (d) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to plan years beginning after De-  
14 cember 31, 2023.

15 **SEC. 611. CREDIT FOR SMALL EMPLOYERS THAT ADAPT AN**  
16 **AUTOMATIC PORTABILITY ARRANGEMENT.**

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

20 **“SEC. 45W. EMPLOYER AUTOMATIC PORTABILITY AR-**  
21 **RANGEMENT CREDIT.**

22           “(a) IN GENERAL.—For purposes of section 38, in  
23 the case of an eligible employer, the automatic portability  
24 arrangement credit determined under this section for the  
25 adoption year is an amount equal to \$500.

1       “(b) ELIGIBLE EMPLOYER.—For purposes of this  
2 section, the term ‘eligible employer’ has the meaning given  
3 the term by section 408(p)(2)(C)(i) (without regard to  
4 subclause (II) thereof).

5       “(c) ADOPTION YEAR.—For purposes of this sec-  
6 tion—

7           “(1) IN GENERAL.—The term ‘adoption year’  
8 means the taxable year during which the eligible em-  
9 ployer first adopts an automatic portability arrange-  
10 ment as part of an eligible plan maintained by the  
11 employer.

12           “(2) AUTOMATIC PORTABILITY ARRANGE-  
13 MENT.—

14           “(A) IN GENERAL.—The term ‘automatic  
15 portability arrangement’ means an arrangement  
16 providing for automatic portability transactions.

17           “(B) AUTOMATIC PORTABILITY TRANS-  
18 ACTION.—The term ‘automatic portability  
19 transaction’ means a transaction in which  
20 amounts distributed pursuant to section  
21 401(a)(31)(B)(i) from a plan to an individual  
22 retirement plan established on behalf of an indi-  
23 vidual are subsequently transferred to an eligi-  
24 ble plan in which such individual is an active  
25 participant, after such individual has been given

1 advance notice of the transfer and has not af-  
2 firmatively opted out of such transfer.

3 “(3) ELIGIBLE PLAN.—The term ‘eligible plan’  
4 means a qualified employer plan as defined in sec-  
5 tion 4972(d)(1), other than a defined benefit plan.”.

6 (b) CREDIT TO BE PART OF GENERAL BUSINESS  
7 CREDIT.—Subsection (b) of section 38, as amended by  
8 this Act, is further amended by striking “plus” at the end  
9 of paragraph (34), by striking the period at the end of  
10 paragraph (35) and inserting “, plus”, and by adding at  
11 the end the following new paragraph:

12 “(36) in the case of an eligible employer (as de-  
13 fined in section 45W(b)), the automatic portability  
14 arrangement credit determined under section  
15 45W(a).”.

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

“Sec. 45W. Employer automatic portability arrangement credit.”.

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

1 **SEC. 612. RE-ENROLLMENT CREDIT.**

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

5 **“SEC. 45X. CREDIT FOR RE-ENROLLMENT PROVISIONS IN**  
6 **PLANS PROVIDED BY SMALL EMPLOYERS.**

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

11 “(1) \$500 for any taxable year occurring during  
12 the credit period, and

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

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

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

24 “(2) MAINTENANCE OF ARRANGEMENT.—No  
25 taxable year with respect to an employer shall be  
26 treated as occurring within the credit period unless

1 the provision described in paragraph (1) is included  
2 in the plan for such year.

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

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

10 “(1) IN GENERAL.—Each employee eligible to  
11 participate in the arrangement who is not contrib-  
12 uting or is contributing less than the percentage ap-  
13 plicable to an eligible employee in the first year of  
14 eligibility is treated as being in such first year of eli-  
15 gibility in each applicable year with respect to the  
16 employee.

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

21 “(A) to not have such contributions made,  
22 or

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

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

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

6           “(B) EXCEPTION.—Following any applica-  
7           ble year of an employee (determined after the  
8           application of this subparagraph), the plan may  
9           elect to treat the next 1 or 2 plan years as not  
10          being applicable years with respect to such em-  
11          ployee.”.

12          (b) CREDIT TO BE PART OF GENERAL BUSINESS  
13 CREDIT.—Subsection (b) of section 38, as amended by  
14 this Act, is further amended by striking “plus” at the end  
15 of paragraph (35), by striking the period at the end of  
16 paragraph (36) and inserting “, plus”, and by adding at  
17 the end the following new paragraph:

18           “(37) in the case of an eligible employer (as de-  
19           fined in section 45X(c)), the retirement re-enroll-  
20           ment credit determined under section 45X(a).”.

21          (c) TREATMENT OF CREDIT FOR CERTIFIED PRO-  
22 FESSIONAL EMPLOYER ORGANIZATIONS.—Paragraph (2)  
23 of section 3511(d), as amended by this Act, is further  
24 amended—

1           (1) by redesignating subparagraphs (H), (I),  
2           (J), and (K) as subparagraphs (I), (J), (K), and (L)  
3           respectively, and

4           (2) by inserting after subparagraph (G) the fol-  
5           lowing new subparagraph:

6                   “(H) section 45X (retirement re-enroll-  
7                   ment credit),”.

8           (d) CLERICAL AMENDMENT.—The table of sections  
9           for subpart D of part IV of subchapter A of chapter 1,  
10          as amended by this Act, is further amended by inserting  
11          after the item relating to section 45W the following new  
12          item:

                  “Sec. 45X. Credit for re-enrollment provisions in plans provided by small em-  
                  ployers.”.

13          (e) EFFECTIVE DATE.—The amendments made by  
14          this section shall apply to taxable years beginning after  
15          December 31, 2023.

16          **SEC. 613. CORRECTIONS OF MORTALITY TABLES.**

17          (a) IN GENERAL.—Not later than 18 months after  
18          the date of the enactment of this Act, the Secretary of  
19          the Treasury (or the Secretary’s delegate) shall amend the  
20          regulation relating to “Mortality Tables for Determining  
21          Present Value Under Defined Benefit Pension Plans” (82  
22          Fed. Reg. 46388 (October 5, 2017)). Under such amend-  
23          ment, for valuation dates occurring during or after 2022,  
24          such mortality improvement rates shall not assume future

1 mortality improvements at any age which are greater than  
2 .78 percent. The Secretary of the Treasury (or delegate)  
3 shall by regulation modify the .78 percent figure in the  
4 preceding sentence as necessary to reflect material  
5 changes in the overall rate of improvement projected by  
6 the Social Security Administration.

7 (b) EFFECTIVE DATE.—The amendments required  
8 under subsection (a) shall be deemed to have been made  
9 as of the date of the enactment of this Act, and as of  
10 such date all applicable laws shall be applied in all respects  
11 as though the actions which the Secretary of the Treasury  
12 (or the Secretary’s delegate) is required to take under  
13 such subsection had been taken.

14 **SEC. 614. ENHANCING RETIREE HEALTH BENEFITS IN PEN-**  
15 **SION PLANS.**

16 (a) EXTENSION OF TRANSFERS OF EXCESS PENSION  
17 ASSETS TO RETIREE HEALTH ACCOUNTS.—Paragraph  
18 (4) of section 420(b) is amended by striking “December  
19 31, 2025” and inserting “December 31, 2032”.

20 (b) DE MINIMIS TRANSFER RULE.—

21 (1) IN GENERAL.—Subsection (e) of section  
22 420 is amended by adding at the end the following  
23 new paragraph:

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

1           “(A) IN GENERAL.—In the case of a trans-  
2           fer of an amount which is not more than 1.75  
3           percent of the amount determined under para-  
4           graph (2)(A) by a plan which meets the re-  
5           quirements of subparagraph (B), paragraph  
6           (2)(B) shall be applied by substituting ‘110  
7           percent’ for ‘125 percent’.

8           “(B) TWO-YEAR LOOKBACK REQUIRE-  
9           MENT.—A plan is described in this subpara-  
10          graph if, as of any valuation date in each of the  
11          2 plan years immediately preceding the plan  
12          year in which the transfer occurs, the amount  
13          determined under paragraph (2)(A) exceeded  
14          110 percent of the sum of the funding target  
15          and the target normal cost determined under  
16          section 430 for each such plan year.”.

17          (2) COST MAINTENANCE PERIOD.—Subpara-  
18          graph (D) of section 420(c)(3) is amended by strik-  
19          ing “5 taxable years” and inserting “5 taxable years  
20          (7 taxable years in the case of a transfer to which  
21          subsection (e)(7) applies)”.

22          (3) CONFORMING AMENDMENTS.—

23                  (A) EXCESS PENSION ASSETS.—Clause (i)  
24          of section 420(f)(2)(B) is amended—

1 (i) by striking “IN GENERAL.—In”

2 and inserting “IN GENERAL.—

3 “(I) DETERMINATION.—In”,

4 (ii) by striking “subsection (e)(2)”

5 and inserting “subsection (e)(2)(B)”, and

6 (iii) by adding at the end the fol-

7 lowing new subclause:

8 “(II) SPECIAL RULE FOR COL-

9 LECTIVELY BARGAINED TRANS-

10 FERS.—In determining excess pension

11 assets for purposes of a collectively

12 bargained transfer, subsection (e)(7)

13 shall not apply.”.

14 (B) MINIMUM COST.—Subclause (I) of sec-

15 tion 420(f)(2)(D)(i) is amended by striking

16 “4th year” and inserting “4th year (the 6th

17 year in the case of a transfer to which sub-

18 section (e)(7) applies)”.

19 (c) EFFECTIVE DATE.—The amendments made by

20 this section shall apply to transfers made after the date

21 of the enactment of this Act.



## **TITLE VII—NOTICES**

1  
2 **SEC. 701. REVIEW AND REPORT TO CONGRESS RELATING**  
3 **TO REPORTING AND DISCLOSURE REQUIRE-**  
4 **MENTS.**

5 (a) **STUDY.**—As soon as practicable after the date of  
6 enactment of this Act, the Secretary of Labor, the Sec-  
7 retary of the Treasury, and the Director of the Pension  
8 Benefit Guaranty Corporation shall review the reporting  
9 and disclosure requirements as applicable to each such  
10 agency head, of—

11 (1) the Employee Retirement Income Security  
12 Act of 1974 applicable to pension plans (as defined  
13 in section 3(2) of such Act (29 U.S.C. 1002(2)); and

14 (2) the Internal Revenue Code of 1986 applica-  
15 ble to qualified retirement plans (as defined in sec-  
16 tion 4974(c) of such Code, without regard to para-  
17 graphs (4) and (5) of such section).

18 (b) **REPORT.**—

19 (1) **IN GENERAL.**—Not later than 2 years after  
20 the date of enactment of this Act, the Secretary of  
21 Labor, the Secretary of the Treasury, and the Direc-  
22 tor of the Pension Benefit Guaranty Corporation,  
23 jointly, and after consultation with a balanced group  
24 of participant and employer representatives, shall  
25 with respect to plans referenced in subsection (a) re-

1 port on the effectiveness of the applicable reporting  
2 and disclosure requirements and make such rec-  
3 ommendations as may be appropriate to the Com-  
4 mittee on Education and Labor and the Committee  
5 on Ways and Means of the House of Representatives  
6 and the Committee on Health, Education, Labor,  
7 and Pensions and the Committee on Finance of the  
8 Senate to consolidate, simplify, standardize, and im-  
9 prove such requirements so as to simplify reporting  
10 for such plans and ensure that plans can furnish  
11 and participants and beneficiaries timely receive and  
12 better understand the information they need to mon-  
13 itor their plans, plan for retirement, and obtain the  
14 benefits they have earned.

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

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

4 **SEC. 702. REPORT TO CONGRESS ON SECTION 402(F) NO-**  
5 **TICES.**

6           Not later than 18 months after the date of the enact-  
7           ment of this Act, the Comptroller General of the United  
8           States shall submit a report to the Committees on Finance  
9           and Health, Education, Labor, and Pensions of the Senate  
10          and the Committees on Ways and Means and Education  
11          and Labor of the House of Representatives on the notices  
12          provided by retirement plan administrators to plan partici-  
13          pants under section 402(f) of the Internal Revenue Code  
14          of 1986. The report shall analyze the effectiveness of such  
15          notices and make recommendations, as warranted by the  
16          findings, to facilitate better understanding by recipients  
17          of different distribution options and corresponding tax  
18          consequences, including spousal rights.

19 **SEC. 703. ELIMINATING UNNECESSARY PLAN REQUIRE-**  
20 **MENTS RELATED TO UNENROLLED PARTICI-**  
21 **PANTS.**

22          (a) IN GENERAL.—Section 414, as amended by this  
23          Act, is further amended by adding at the end the following  
24          new subsection:

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

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

11           “(A) an annual reminder notice of such  
12 participant’s eligibility to participate in such  
13 plan and any applicable election deadlines under  
14 the plan, and

15           “(B) any document requested by such par-  
16 ticipant which the participant would be entitled  
17 to receive notwithstanding this subsection.

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

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

23           “(B) has received—

24           “(i) the summary plan description  
25 pursuant to section 104(b) of the Em-

1            ployee Retirement Income Security Act of  
2            1974, and

3            “(ii) any other notices related to eligi-  
4            bility under the plan which are required to  
5            be furnished under this title or the Em-  
6            ployee Retirement Income Security Act of  
7            1974 in connection with such participant’s  
8            initial eligibility to participate in such plan,

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

10           “(D) does not have an account balance in  
11           the plan, and

12           “(E) satisfies such other criteria as the  
13           Secretary may determine appropriate, as pre-  
14           scribed in guidance issued in consultation with  
15           the Secretary of Labor.

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

20           “(3) ANNUAL REMINDER NOTICE.—For pur-  
21           poses of this subsection, the term ‘annual reminder  
22           notice’ means the notice described in section 111(c)  
23           of the Employee Retirement Income Security Act of  
24           1974.”.

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

4 **TITLE VIII—TECHNICAL**  
5 **MODIFICATIONS**

6 **SEC. 801. REPAYMENT OF QUALIFIED BIRTH OR ADOPTION**  
7 **DISTRIBUTION LIMITED TO 3 YEARS.**

8 (a) IN GENERAL.—Section 72(t)(2)(H)(v)(I) is  
9 amended by striking “may make” and inserting “may, at  
10 any time during the 3-year period beginning on the day  
11 after the date on which such distribution was received,  
12 make”.

13 (b) EFFECTIVE DATE.—The amendment made by  
14 this section shall take effect as if included in the enact-  
15 ment of section 113 of the Setting Every Community Up  
16 for Retirement Enhancement Act of 2019.

17 **SEC. 802. AMENDMENTS RELATING TO SETTING EVERY**  
18 **COMMUNITY UP FOR RETIREMENT ENHANCE-**  
19 **MENT ACT OF 2019.**

20 (a) TECHNICAL AMENDMENTS.—

21 (1) AMENDMENTS RELATING TO SECTION  
22 103.—Section 401(m)(12) is amended by striking  
23 “and” at the end of subparagraph (A), by redesignig-  
24 nating subparagraph (B) as subparagraph (C), and

1 by inserting after subparagraph (A) (as so amended)  
2 the following new subparagraph:

3 “(B) meets the notice requirements of sub-  
4 section (k)(13)(E), and”.

5 (2) AMENDMENTS RELATING TO SECTION  
6 112.—

7 (A) Section 401(k)(15)(B)(i)(II), as  
8 amended by this Act, is further amended by  
9 striking “subsection (m)(2)” and inserting  
10 “paragraphs (2), (11), and (12) of subsection  
11 (m)”.

12 (B) Section 401(k)(15)(B)(iii) is amended  
13 by striking “under the arrangement” and in-  
14 serting “under the plan”.

15 (C) Section 401(k)(15)(B)(iv) is amended  
16 by striking “section 410(a)(1)(A)(ii)” and in-  
17 serting “paragraph (2)(D)”.

18 (3) AMENDMENT RELATING TO SECTION 116.—

19 Section 4973(b) is amended by adding at the end of  
20 the flush matter the following: “Such term shall not  
21 include any designated nondeductible contribution  
22 (as defined in subparagraph (C) of section  
23 408(o)(2)) which does not exceed the nondeductible  
24 limit under subparagraph (B) thereof by reason of  
25 an election under section 408(o)(5).”.

1 (b) CLERICAL AMENDMENTS.—

2 (1) Section 72(t)(2)(H)(vi)(IV) is amended by  
3 striking “403(b)(7)(A)(ii)” and inserting “  
4 403(b)(7)(A)(i)”.

5 (2) Section 401(k)(12)(G) is amended by strik-  
6 ing “the requirements under subparagraph (A)(i)”  
7 and inserting “the contribution requirements under  
8 subparagraph (B) or (C)”.

9 (3) Section 401(k)(13)(D)(iv) is amended by  
10 striking “and (F)” and inserting “and (G)”.

11 (4) Section 408(o)(5)(A) is amended by striking  
12 “subsection (b)” and inserting “section 219(b)”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall take effect as if included in section of  
15 the Setting Every Community Up for Retirement En-  
16 hancement Act of 2019 to which the amendment relates.

17 **SEC. 803. MODIFICATION OF REQUIRED MINIMUM DIS-**  
18 **TRIBUTION RULES FOR SPECIAL NEEDS**  
19 **TRUSTS.**

20 (a) IN GENERAL.—Section 401(a)(9)(H)(iv)(II) is  
21 amended by striking “no individual” and inserting “no  
22 beneficiary”.

23 (b) CONFORMING AMENDMENT.—Section  
24 401(a)(9)(H)(v) is amended by adding at the end the fol-  
25 lowing flush sentence:

1           “For purposes of the preceding sentence,  
2           in the case of a trust the terms of which  
3           are described in clause (iv)(II), any bene-  
4           ficiary which is an organization described  
5           in section 408(d)(8)(B)(i) shall be treated  
6           as a designated beneficiary described in  
7           subclause (II).”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to calendar years beginning after  
10 the date of the enactment of this Act.

## 11   **TITLE IX—PLAN AMENDMENTS**

### 12   **SEC. 901. PROVISIONS RELATING TO PLAN AMENDMENTS.**

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

15               (1) such retirement plan or contract shall be  
16               treated as being operated in accordance with the  
17               terms of the plan during the period described in sub-  
18               section (b)(2)(A); and

19               (2) to the extent provided by the Secretary of  
20               the Treasury (or the Secretary’s delegate), such re-  
21               tirement plan shall not fail to meet the requirements  
22               of section 411(d)(6) of the Internal Revenue Code of  
23               1986 and section 204(g) of the Employee Retirement  
24               Income Security Act of 1974 by reason of such  
25               amendment.

1 (b) AMENDMENTS TO WHICH SECTION APPLIES.—

2 (1) IN GENERAL.—This section shall apply to  
3 any amendment to any retirement plan or annuity  
4 contract which is made—

5 (A) pursuant to any amendment made by  
6 this Act or pursuant to any regulation issued by  
7 the Secretary of the Treasury or the Secretary  
8 of Labor (or a delegate of either such Sec-  
9 retary) under this Act; and

10 (B) on or before the last day of the first  
11 plan year beginning on or after January 1,  
12 2024, or such later date as the Secretary of the  
13 Treasury may prescribe.

14 In the case of a governmental plan (as defined in  
15 section 414(d) of the Internal Revenue Code of  
16 1986), or an applicable collectively bargained plan,  
17 this paragraph shall be applied by substituting  
18 “2026” for “2024”. For purposes of the preceding  
19 sentence, the term “applicable collectively bargained  
20 plan” means a plan maintained pursuant to 1 or  
21 more collective bargaining agreements between em-  
22 ployee representatives and 1 or more employers rati-  
23 fied before the date of enactment of this Act.

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

1 (A) during the period—

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

9 (ii) ending on the date described in  
10 paragraph (1)(B) (as modified by the sec-  
11 ond sentence of paragraph (1)) (or, if ear-  
12 lier, the date the plan or contract amend-  
13 ment is adopted),

14 the plan or contract is operated as if such plan  
15 or contract amendment were in effect; and

16 (B) such plan or contract amendment ap-  
17 plies retroactively for such period.

18 (c) COORDINATION WITH OTHER PROVISIONS RE-  
19 LATING TO PLAN AMENDMENTS.—

20 (1) SECURE ACT.—Section 601(b)(1) of the  
21 Setting Every Community Up for Retirement En-  
22 hancement Act of 2019 is amended—

23 (A) by striking “January 1, 2022” in sub-  
24 paragraph (B) and inserting “January 1,  
25 2024”, and

1 (B) by striking “substituting ‘2024’ for  
2 ‘2022’.” in the flush matter at the end and in-  
3 serting “substituting ‘2026’ for ‘2024’.”.

4 (2) CARES ACT.—

5 (A) SPECIAL RULES FOR USE OF RETIRE-  
6 MENT FUNDS.—Section 2202(c)(2)(A) of the  
7 CARES Act is amended by striking “January  
8 1, 2022” in clause (ii) and inserting “January  
9 1, 2024”.

10 (B) TEMPORARY WAIVER OF REQUIRED  
11 MINIMUM DISTRIBUTIONS RULES FOR CERTAIN  
12 RETIREMENT PLANS AND ACCOUNTS.—Section  
13 2203(c)(2)(B)(i) of the CARES Act is amend-  
14 ed—

15 (i) by striking “January 1, 2022” in  
16 subclause (II) and inserting “January 1,  
17 2024”, and

18 (ii) by striking “substituting ‘2024’  
19 for ‘2022’.” in the flush matter at the end  
20 and inserting “substituting ‘2026’ for  
21 ‘2024’.”.

22 (C) TAXPAYER CERTAINTY AND DISASTER  
23 TAX RELIEF ACT OF 2020.—Section  
24 302(d)(2)(A) of the Taxpayer Certainty and  
25 Disaster Tax Relief Act of 2020 is amended by

1 striking “January 1, 2022” in clause (ii) and  
2 inserting “January 1, 2024”.

3 **TITLE X—TAX COURT**  
4 **RETIREMENT PROVISIONS**

5 **SEC. 1001. PROVISIONS RELATING TO JUDGES OF THE TAX**  
6 **COURT.**

7 (a) THRIFT SAVINGS PLAN CONTRIBUTIONS FOR  
8 JUDGES IN THE FEDERAL EMPLOYEES RETIREMENT  
9 SYSTEM.—

10 (1) IN GENERAL.—Subsection (j)(3)(B) of sec-  
11 tion 7447 is amended to read as follows:

12 “(B) CONTRIBUTIONS FOR BENEFIT OF  
13 JUDGE.—No contributions under section  
14 8432(c) of title 5, United States Code, shall be  
15 made for the benefit of a judge who has filed  
16 an election to receive retired pay under sub-  
17 section (e).”.

18 (2) OFFSET.—Paragraph (3) of section 7447(j)  
19 is amended by adding at the end the following new  
20 subparagraph:

21 “(F) OFFSET.—In the case of a judge who  
22 receives a distribution from the Thrift Savings  
23 Plan and who later receives retired pay under  
24 subsection (d), the retired pay shall be offset by  
25 an amount equal to the amount of the distribu-

1           tion which represents the Government’s con-  
2           tribution to the individual’s Thrift Savings Ac-  
3           count during years of service as a full-time judi-  
4           cial officer under the Federal Employees Retirement  
5           System, without regard to earnings attrib-  
6           utable to such amount. Where such an offset  
7           would exceed 50 percent of the retired pay to  
8           be received in the first year, the offset may be  
9           divided equally over the first 2 years in which  
10          the individual receives the annuity.”.

11          (3) EFFECTIVE DATE.—The amendments made  
12          by this subsection shall apply to basic pay earned  
13          while serving as a judge of the United States Tax  
14          Court on or after the date of the enactment of this  
15          Act.

16          (b) CHANGE IN VESTING PERIOD FOR SURVIVOR AN-  
17          NUITIES AND WAIVER OF VESTING PERIOD IN THE  
18          EVENT OF ASSASSINATION.—

19          (1) ELIGIBILITY IN CASE OF DEATH.—Sub-  
20          section (h) of section 7448 is amended to read as  
21          follows:

22          “(h) ENTITLEMENT TO ANNUITY.—

23                  “(1) IN GENERAL.—

24                          “(A) ANNUITY TO SURVIVING SPOUSE.—If  
25                          a judge or special trial judge described in para-

1 graph (2) is survived by a surviving spouse but  
2 not by a dependent child, there shall be paid to  
3 such surviving spouse an annuity beginning  
4 with the day of the death of the judge or special  
5 trial judge or following the surviving spouse's  
6 attainment of age 50, whichever is the later, in  
7 an amount computed as provided in subsection  
8 (m).

9 “(B) ANNUITY TO SURVIVING SPOUSE AND  
10 CHILD.—If a judge or special trial judge de-  
11 scribed in paragraph (2) is survived by a sur-  
12 viving spouse and dependent child or children,  
13 there shall be paid to such surviving spouse an  
14 annuity, beginning on the day of the death of  
15 the judge or special trial judge, in an amount  
16 computed as provided in subsection (m), and  
17 there shall also be paid to or on behalf of each  
18 such child an immediate annuity equal to the  
19 lesser of—

20 “(i) 10 percent of the average annual  
21 salary of such judge or special trial judge  
22 (determined in accordance with subsection  
23 (m)), or

1                   “(ii) 20 percent of such average an-  
2                   nual salary, divided by the number of such  
3                   children.

4                   “(C) ANNUITY TO SURVIVING DEPENDENT  
5                   CHILDREN.—If a judge or special trial judge  
6                   described in paragraph (2) leaves no surviving  
7                   spouse but leaves a surviving dependent child or  
8                   children, there shall be paid to or on behalf of  
9                   each such child an immediate annuity equal to  
10                  the lesser of—

11                  “(i) 20 percent of the average annual  
12                  salary of such judge or special trial judge  
13                  (determined in accordance with subsection  
14                  (m)), or

15                  “(ii) 40 percent of such average an-  
16                  nual salary divided by the number of such  
17                  children.

18                  “(2) COVERED JUDGES.—Paragraph (1) applies  
19                  to any judge or special trial judge electing under  
20                  subsection (b)—

21                  “(A) who dies while a judge or special trial  
22                  judge after having rendered at least 18 months  
23                  of civilian service computed as prescribed in  
24                  subsection (n), for the last 18 months of which  
25                  the salary deductions provided for by subsection

1 (c)(1) or the deposits required by subsection (d)  
2 have actually been made or the salary deduc-  
3 tions required by the civil service retirement  
4 laws have actually been made, or

5 “(B) who dies by assassination after hav-  
6 ing rendered less than 18 months of civilian  
7 service computed as prescribed in subsection (n)  
8 if, for the period of such service, the salary de-  
9 ductions provided for by subsection (c)(1) or  
10 the deposits required by subsection (d) have ac-  
11 tually been made.

12 “(3) TERMINATION OF ANNUITY.—

13 “(A) SURVIVING SPOUSE.—The annuity  
14 payable to a surviving spouse under this sub-  
15 section shall be terminable upon such surviving  
16 spouse’s death or such surviving spouse’s re-  
17 marriage before attaining age 55.

18 “(B) SURVIVING CHILD.—Any annuity  
19 payable to a child under this subsection shall be  
20 terminable upon the earliest of—

21 “(i) the child’s attainment of age 18,

22 “(ii) the child’s marriage, or

23 “(iii) the child’s death,

24 except that if such child is incapable of self-sup-  
25 port by reason of mental or physical disability

1 the child's annuity shall be terminable only  
2 upon death, marriage, or recovery from such  
3 disability.

4 “(C) DEPENDENT CHILD AFTER DEATH  
5 OF SURVIVING SPOUSE.—In case of the death of  
6 a surviving spouse of a judge or special trial  
7 judge leaving a dependent child or children of  
8 the judge or special trial judge surviving such  
9 spouse, the annuity of such child or children  
10 shall be recomputed and paid as provided in  
11 paragraph (1)(C).

12 “(D) RECOMPUTATION WITH RESPECT TO  
13 OTHER DEPENDENT CHILDREN.—In any case  
14 in which the annuity of a dependent child is  
15 terminated under this subsection, the annuities  
16 of any remaining dependent child or children  
17 based upon the service of the same judge or  
18 special trial judge shall be recomputed and paid  
19 as though the child whose annuity was so ter-  
20 minated had not survived such judge.

21 “(E) SPECIAL RULE FOR ASSASSINATED  
22 JUDGES.—In the case of a survivor of a judge  
23 or special trial judge described in paragraph  
24 (2)(B), there shall be deducted from the annu-  
25 ities otherwise payable under this section an

1 amount equal to the amount of salary deduc-  
2 tions that would have been made if such deduc-  
3 tions had been made for 18 months prior to the  
4 death of the judge or special trial judge.”.

5 (2) DEFINITION OF ASSASSINATION.—Section  
6 7448(a) is amended by adding at the end the fol-  
7 lowing new paragraph:

8 “(10) The terms ‘assassinated’ and ‘assassina-  
9 tion’ mean the killing of a judge or special trial  
10 judge that is motivated by the performance by the  
11 judge or special trial judge of his or her official du-  
12 ties.”.

13 (3) DETERMINATION OF ASSASSINATION.—Sub-  
14 section (i) of section 7448 is amended—

15 (A) by striking “OF DEPENDENCY AND  
16 DISABILITY.—Questions” and inserting “BY  
17 CHIEF JUDGE.—

18 “(1) DEPENDENCY AND DISABILITY.—Ques-  
19 tions”, and

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

22 “(2) ASSASSINATION.—The chief judge shall  
23 determine whether the killing of a judge or special  
24 trial judge was an assassination, subject to review  
25 only by the Tax Court. The head of any Federal

1 agency that investigates the killing of a judge or  
2 special trial judge shall provide to the chief judge  
3 any information that would assist the chief judge in  
4 making such a determination.”.

5 (4) COMPUTATION OF ANNUITIES.—Subsection  
6 (m) of section 7448 is amended—

7 (A) by striking “ANNUITIES.—The annu-  
8 ity” and inserting “ANNUITIES.—

9 “(1) IN GENERAL.—Except as provided in para-  
10 graph (2), the annuity”,

11 (B) by striking “the sum of (1) 1.5 per-  
12 cent” and inserting “the sum of—

13 “(A) 1.5 percent”,

14 (C) by striking “and (2) three-fourths of 1  
15 percent” and inserting “and

16 “(B) three-fourths of 1 percent”,

17 (D) by striking “prior allowable service, ex-  
18 cept that” and inserting “prior allowable serv-  
19 ice,

20 “except that”, and

21 (E) by adding at the end the following new  
22 paragraph:

23 “(2) SERVICE OF LESS THAN 3 YEARS.—In the  
24 case of a judge or special trial judge who has served  
25 less than 3 years, the annuity of the surviving

1 spouse of such judge or special trial judge shall be  
2 based upon the average annual salary received by  
3 such judge or special trial judge for judicial service  
4 prior to the death of the judge or special trial  
5 judge.”.

6 (5) OTHER BENEFITS.—Section 7448 is amend-  
7 ed by adding at the end the following new sub-  
8 section:

9 “(u) OTHER BENEFITS IN CASE OF ASSASSINA-  
10 TION.—In the case of a judge or special trial judge who  
11 is assassinated, an annuity shall be paid under this section  
12 notwithstanding a survivor’s eligibility for or receipt of  
13 benefits under chapter 81 of title 5, United States Code,  
14 except that the annuity for which a surviving spouse is  
15 eligible under this section shall be reduced to the extent  
16 that the total benefits paid under this section and chapter  
17 81 of that title for any year would exceed the current sal-  
18 ary for that year of the office of the judge or special trial  
19 judge.”.

20 (c) COORDINATION OF RETIREMENT AND SURVIVOR  
21 ANNUITY WITH THE FEDERAL EMPLOYEES RETIREMENT  
22 SYSTEM.—

23 (1) RETIREMENT.—Section 7447 is amended—

1 (A) by striking “section 8331(8)” in sub-  
2 section (g)(2)(C) and inserting “sections  
3 8331(8) and 8401(19)”, and

4 (B) by striking “Civil Service Commission”  
5 both places it appears in subsection (i)(2) and  
6 inserting “Office of Personnel Management”.

7 (2) ANNUITIES TO SURVIVING SPOUSES AND  
8 DEPENDENT CHILDREN.—Section 7448 is amend-  
9 ed—

10 (A) by striking “section 8332” in sub-  
11 section (d) and inserting “sections 8332 and  
12 8411”, and

13 (B) by striking “section 8332” in sub-  
14 section (n) and inserting “sections 8332 and  
15 8411”.

16 (d) LIMIT ON TEACHING COMPENSATION OF RE-  
17 TIRED JUDGES.—

18 (1) IN GENERAL.—Section 7447 is amended by  
19 adding at the end the following new subsection:

20 “(k) TEACHING COMPENSATION OF RETIRED  
21 JUDGES.—For purposes of the limitation under section  
22 501(a) of the Ethics in Government Act of 1978 (5 U.S.C.  
23 App.), any compensation for teaching approved under sec-  
24 tion 502(a)(5) of such Act shall not be treated as outside  
25 earned income when received by a judge of the United

1 States Tax Court who has retired under subsection (b)  
 2 for teaching performed during any calendar year for which  
 3 such a judge has met the requirements of subsection (c),  
 4 as certified by the chief judge.”.

5 (2) EFFECTIVE DATE.—The amendment made  
 6 by this subsection shall apply to any individual serv-  
 7 ing as a retired judge of the United States Tax  
 8 Court on or after the date of the enactment of this  
 9 Act.

10 (e) EFFECTIVE DATE.—Except as otherwise pro-  
 11 vided, the amendments made by this section shall take ef-  
 12 fect on the date of the enactment of this Act.

13 **SEC. 1002. PROVISIONS RELATING TO SPECIAL TRIAL**  
 14 **JUDGES OF THE TAX COURT.**

15 (a) RETIREMENT AND RECALL FOR SPECIAL TRIAL  
 16 JUDGES.—Part I of subchapter C of chapter 76 is amend-  
 17 ed by inserting after section 7447 the following new sec-  
 18 tion:

19 **“SEC. 7447A. RETIREMENT FOR SPECIAL TRIAL JUDGES.**

20 “(a) IN GENERAL.—

21 “(1) RETIREMENT.—Any special trial judge ap-  
 22 pointed pursuant to section 7443A may retire from  
 23 service as a special trial judge if the individual meets  
 24 the age and service requirements set forth in the fol-  
 25 lowing table:

“If the special trial judge has attained age:	And the years of service as a special trial judge are at least:
65	15
66	14
67	13
68	12
69	11
70	10.

1           “(2) LENGTH OF SERVICE.—In making any de-  
 2           termination of length of service as a special trial  
 3           judge there shall be included all periods (whether or  
 4           not consecutive) during which an individual served  
 5           as a special trial judge

6           “(b) RETIREMENT UPON DISABILITY.—Any special  
 7           trial judge appointed pursuant to section 7443A who be-  
 8           comes permanently disabled from performing such individ-  
 9           ual’s duties shall retire from service as a special trial  
 10          judge.

11          “(c) RECALLING OF RETIRED SPECIAL TRIAL  
 12          JUDGES.—Any individual who has retired pursuant to  
 13          subsection (a) may be called upon by the chief judge to  
 14          perform such judicial duties with the Tax Court as may  
 15          be requested of such individual for a period or periods  
 16          specified by the chief judge, except that in the case of any  
 17          such individual—

18                 “(1) the aggregate of such periods in any 1 cal-  
 19                 endar year shall not (without the consent of such in-  
 20                 dividual) exceed 90 calendar days, and

1           “(2) such individual shall be relieved of per-  
2           forming such duties during any period in which ill-  
3           ness or disability precludes the performance of such  
4           duties.

5 Any act, or failure to act, by an individual performing ju-  
6 dicial duties pursuant to this subsection shall have the  
7 same force and effect as if it were the act (or failure to  
8 act) of a special trial judge. Any individual who is per-  
9 forming judicial duties pursuant to this subsection shall  
10 be paid the same compensation (in lieu of retired pay) and  
11 allowances for travel and other expenses as a special trial  
12 judge.

13           “(d) RETIRED PAY.—

14           “(1) IN GENERAL.—Any individual who retires  
15 pursuant to subsection (a) and elects under sub-  
16 section (e) to receive retired pay under this sub-  
17 section shall receive retired pay during any period of  
18 retirement from service as a special trial judge at a  
19 rate which bears the same ratio to the rate of the  
20 salary payable to a special trial judge during such  
21 period as—

22                   “(A) the number of years such individual  
23                   has served as special trial judge bears to,

24                   “(B) 15,

1       except that the rate of such retired pay shall not be  
2       more than the rate of such salary for such period.

3           “(2) RETIREMENT UPON DISABILITY.—Any in-  
4       dividual who retires pursuant to subsection (b) and  
5       elects under subsection (e) to receive retired pay  
6       under this subsection shall receive retired pay during  
7       any period of retirement from service as a special  
8       trial judge—

9           “(A) at a rate equal to the rate of the sal-  
10       ary payable to a special trial judge during such  
11       period, if the individual had at least 10 years  
12       of service as a special trial judge before retire-  
13       ment, and

14           “(B) at a rate equal to  $\frac{1}{2}$  the rate de-  
15       scribed in subparagraph (A), if the individual  
16       had fewer than 10 years of service as a special  
17       trial judge before retirement.

18           “(3) BEGINNING DATE AND PAYMENT.—Retired  
19       pay under this subsection shall begin to accrue on  
20       the day following the date on which the individual’s  
21       salary as a special trial judge ceases to accrue, and  
22       shall continue to accrue during the remainder of  
23       such individual’s life. Retired pay under this sub-  
24       section shall be paid in the same manner as the sal-  
25       ary of a special trial judge.

1           “(4) PARTIAL YEARS.—In computing the rate  
2 of the retired pay for an individual to whom para-  
3 graph (1) applies, any portion of the aggregate num-  
4 ber of years such individual has served as a special  
5 trial judge which is a fractional part of 1 year shall  
6 be eliminated if it is less than 6 months, or shall be  
7 counted as a full year if it is 6 months or more.

8           “(5) RECALLED SERVICE.—In computing the  
9 rate of the retired pay for an individual to whom  
10 paragraph (1) applies, any period during which such  
11 individual performs services under subsection (c) on  
12 a substantially full-time basis shall be treated as a  
13 period during which such individual has served as a  
14 special trial judge.

15           “(e) ELECTION TO RECEIVE RETIRED PAY.—Any  
16 special trial judge may elect to receive retired pay under  
17 subsection (d). Such an election—

18           “(1) may be made only while an individual is a  
19 special trial judge (except that in the case of an in-  
20 dividual who fails to be reappointed as a special trial  
21 judge, such election may be made within 60 days  
22 after such individual leaves office as a special trial  
23 judge),

24           “(2) once made, shall be irrevocable, and

1           “(3) shall be made by filing notice thereof in  
2           writing with the chief judge.

3           The chief judge shall transmit to the Office of Personnel  
4           Management a copy of each notice filed with the chief  
5           judge under this subsection.

6           “(f) OTHER RULES MADE APPLICABLE.—The rules  
7           of subsections (f), (g), (h), (i), and (j) of section 7447  
8           shall apply to a special trial judge in the same manner  
9           as a judge of the Tax Court. For purposes of the preceding  
10          sentence, any reference to the President in such sub-  
11          sections shall be applied as if it were a reference to the  
12          chief judge.”.

13          (b) CONFORMING AMENDMENTS.—

14                 (1) Section 3121(b)(5)(E) is amended by in-  
15                 serting “or special trial judge” before “of the United  
16                 States Tax Court”.

17                 (2) Section 7448(b)(2) is amended to read as  
18                 follows:

19                 “(2) SPECIAL TRIAL JUDGES.—Any special trial  
20                 judge may by written election filed with the chief  
21                 judge elect the application of this section. Such elec-  
22                 tion shall be filed while such individual is a special  
23                 trial judge.”.

24                 (3) Section 210(a)(5)(E) of the Social Security  
25                 Act (42 U.S.C. 410(a)(5)(E)) is amended by insert-

1 ing “or special trial judge” before “of the United  
2 States Tax Court”.

3 (c) CLERICAL AMENDMENT.—The table of sections  
4 for part I of subchapter C of chapter 76 is amended by  
5 inserting after the item relating to section 7447 the fol-  
6 lowing new item:

“Sec. 7447A. Retirement for special trial judges.”.

7 (d) EFFECTIVE DATE.—The amendments made by  
8 this section shall take effect on the date of the enactment  
9 of this Act.

## 10 **TITLE XI—REVENUE** 11 **PROVISIONS**

### 12 **SEC. 1101. SIMPLE AND SEP ROTH IRAS.**

13 (a) IN GENERAL.—Section 408A is amended by  
14 striking subsection (f).

15 (b) RULES RELATING TO SIMPLIFIED EMPLOYEE  
16 PENSIONS.—

17 (1) CONTRIBUTIONS.—Section 402(h)(1) is  
18 amended by striking “and” at the end of subpara-  
19 graph (A), by striking the period at the end of sub-  
20 paragraph (B) and inserting “, and”, and by adding  
21 at the end the following new subparagraph:

22 “(C) in the case of any contributions pur-  
23 suant to a simplified employer pension which  
24 are made to an individual retirement plan des-

1           ignated as a Roth IRA, such contribution shall  
2           not be excludable from gross income.”.

3           (2) DISTRIBUTIONS.—Section 402(h)(3) is  
4           amended by inserting “, or section 408A(d) in the  
5           case of an individual retirement plan designated as  
6           a Roth IRA” before the period at the end.

7           (3) ELECTION REQUIRED.—Section 408(k) is  
8           amended by redesignating paragraphs (7), (8), and  
9           (9) as paragraphs (8), (9), and (10), respectively,  
10          and by inserting after paragraph (6) the following  
11          new paragraph:

12           “(7) ROTH CONTRIBUTION ELECTION.—An in-  
13          dividual retirement plan which is designated as a  
14          Roth IRA shall not be treated as a simplified em-  
15          ployee pension under this subsection unless the em-  
16          ployee elects for such plan to be so treated (at such  
17          time and in such manner as the Secretary may pro-  
18          vide).”.

19          (c) RULES RELATING TO SIMPLE RETIREMENT AC-  
20          COUNTS.—

21           (1) ELECTION REQUIRED.—Section 408(p), as  
22          amended by this Act, is further amended by adding  
23          at the end the following new paragraph:

24           “(13) ROTH CONTRIBUTION ELECTION.—An in-  
25          dividual retirement plan which is designated as a

1 Roth IRA shall not be treated as a simple retirement  
2 account under this subsection unless the employee  
3 elects for such plan to be so treated (at such time  
4 and in such manner as the Secretary may pro-  
5 vide).”.

6 (2) ROLLOVERS.—Section 408A(e) is amended  
7 by adding at the end the following new paragraph:

8 “(3) SIMPLE RETIREMENT ACCOUNTS.—In the  
9 case of any payment or distribution out of a simple  
10 retirement account (as defined in section 408(p))  
11 with respect to which an election has been made  
12 under section 408(p)(13) and to which 72(t)(6)(A)  
13 applies, the term ‘qualified rollover contribution’  
14 shall not include any payment or distribution paid  
15 into an account other than another simple retire-  
16 ment account (as so defined).”.

17 (d) COORDINATION WITH ROTH CONTRIBUTION LIM-  
18 ITATION.—Section 408A(c) is amended by adding at the  
19 end the following new paragraph:

20 “(7) COORDINATION WITH LIMITATION FOR  
21 SIMPLE RETIREMENT PLANS AND SEPS.—In the case  
22 of an individual on whose behalf contributions are  
23 made to a simple retirement account or a simplified  
24 employee pension, the amount described in para-  
25 graph (2)(A) shall be increased by an amount equal

1 to the contributions made on the individual's behalf  
2 to such account or pension for the taxable year, but  
3 only to the extent such contributions—

4 “(A) in the case of a simplified retirement  
5 account—

6 “(i) do not exceed the sum of the dol-  
7 lar amount in effect for the taxable year  
8 under section 408(p)(2)(A)(ii) and the em-  
9 ployer contribution required under sub-  
10 paragraph (A)(iii) or (B)(i), as the case  
11 may be, of section 408(p)(2), and

12 “(ii) do not cause the elective defer-  
13 rals (as defined in section 402(g)(3)) on  
14 behalf of such individual to exceed the lim-  
15 itation under section 402(g)(1) (taking  
16 into account any additional elective defer-  
17 rals permitted under section 414(v)), or

18 “(B) in the case of a simplified employee  
19 pension, do not exceed the limitation in effect  
20 under section 408(j).”.

21 (e) CONFORMING AMENDMENT.—Section  
22 408A(d)(2)(B) is amended by inserting “, or employer in  
23 the case of a simple retirement account (as defined in sec-  
24 tion 408(p)) or simplified employee pension (as defined in  
25 section 408(k)),” after “individual's spouse”.

1 (f) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2023.

4 **SEC. 1102. ELECTIVE DEFERRALS GENERALLY LIMITED TO**  
5 **REGULAR CONTRIBUTION LIMIT.**

6 (a) APPLICABLE EMPLOYER PLANS.—Section 414(v)  
7 is amended by adding at the end the following new para-  
8 graphs:

9 “(7) CERTAIN DEFERRALS MUST BE ROTH CON-  
10 TRIBUTIONS.—

11 “(A) IN GENERAL.—Except as provided in  
12 subparagraph (C), in the case of an eligible par-  
13 ticipant whose wages (as defined in section  
14 3121(a)) for the preceding year exceed  
15 \$100,000, paragraph (1) shall apply only if any  
16 additional elective deferrals are designated Roth  
17 contributions (as defined in section  
18 402A(c)(1)).

19 “(B) ROTH OPTION.—In the case of an ap-  
20 plicable employer plan with respect to which  
21 subparagraph (A) applies to any participant for  
22 a plan year, paragraph (1) shall not apply to  
23 the plan unless the plan provides that any eligi-  
24 ble participant may make the participant’s ad-

1           ditional elective deferrals as designated Roth  
2           contributions.

3           “(C)   EXCEPTION.—Subparagraph   (A)  
4           shall not apply in the case of an applicable em-  
5           ployer plan described in paragraph (6)(A)(iv).

6           “(D)   ELECTION   TO   CHANGE   DEFER-  
7           RALS.—The Secretary may provide by regula-  
8           tions that an eligible participant may elect to  
9           change the participant’s election to make addi-  
10          tional elective deferrals if the participant’s com-  
11          pensation is determined to exceed the limitation  
12          under subparagraph (A) after the election is  
13          made.

14          “(8)   NO   RECHARACTERIZATION   OF   EXCESS   DE-  
15          FERRALS.—If the elective deferrals for any year of  
16          an eligible participant to which paragraph (7)(A) ap-  
17          plies exceed any applicable limitation under this title  
18          (without regard to paragraph (1)) or the terms of  
19          the plan, such excess shall not be treated as addi-  
20          tional elective deferrals to which paragraph (1) ap-  
21          plies.”.

22          (b)   CONFORMING   AMENDMENTS.—

23               (1)   Section 402(g)(1) is amended by striking  
24               subparagraph (C).



1           tion shall be fully vested and shall not be excludable  
2           from gross income, and”.

3           (b) MATCHING INCLUDED IN QUALIFIED ROTH CON-  
4   TRIBUTION PROGRAM.—Section 402A(b)(1) is amended—

5           (1) by inserting “, or to have made on the em-  
6           ployee’s behalf,” after “elect to make”, and

7           (2) by inserting “, or of matching contributions  
8           or nonelective contributions which may otherwise be  
9           made on the employee’s behalf,” after “otherwise eli-  
10          gible to make”.

11          (c) DESIGNATED ROTH MATCHING CONTRIBU-  
12   TIONS.—Section 402A(c)(1) is amended by inserting “,  
13   matching contribution, or nonelective contribution” after  
14   “elective deferral”.

15          (d) MATCHING CONTRIBUTION DEFINED.—Section  
16   402A(e) is amended by adding at the end the following:

17           “(3) MATCHING CONTRIBUTION.—The term  
18          ‘matching contribution’ means—

19           “(A) any matching contribution described  
20           in section 401(m)(4)(A), and

21           “(B) any contribution to an eligible de-  
22           ferred compensation plan (as defined in section  
23           457(b)) by an eligible employer described in  
24           section 457(e)(1)(A) on behalf of an employee

1           and on account of such employee’s elective de-  
2           ferral under such plan,  
3           but only if such contribution is fully vested at the  
4           time received.”.

5           (e) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to contributions made after De-  
7 cember 31, 2022.

8 **SEC. 1104. CHARITABLE CONSERVATION EASEMENTS.**

9           (a) IN GENERAL.—Section 170(h) is amended by  
10 adding at the end the following new paragraph:

11           “(7) LIMITATION ON DEDUCTION FOR QUALI-  
12 FIED CONSERVATION CONTRIBUTIONS MADE BY  
13 PASS-THROUGH ENTITIES.—

14           “(A) IN GENERAL.—A contribution by a  
15 partnership (whether directly or as a distribu-  
16 tive share of a contribution of another partner-  
17 ship) shall not be treated as a qualified con-  
18 servation contribution for purposes of this sec-  
19 tion if the amount of such contribution exceeds  
20 2.5 times the sum of each partner’s relevant  
21 basis in such partnership.

22           “(B) RELEVANT BASIS.—For purposes of  
23 this paragraph—

24           “(i) IN GENERAL.—The term ‘relevant  
25 basis’ means, with respect to any partner,

1 the portion of such partner's modified  
2 basis in the partnership which is allocable  
3 (under rules similar to the rules of section  
4 755) to the portion of the real property  
5 with respect to which the contribution de-  
6 scribed in subparagraph (A) is made.

7 “(ii) MODIFIED BASIS.—The term  
8 ‘modified basis’ means, with respect to any  
9 partner, such partner's adjusted basis in  
10 the partnership as determined—

11 “(I) immediately before the con-  
12 tribution described in subparagraph  
13 (A),

14 “(II) without regard to section  
15 752, and

16 “(III) by the partnership after  
17 taking into account the adjustments  
18 described in subclauses (I) and (II)  
19 and such other adjustments as the  
20 Secretary may provide.

21 “(C) EXCEPTION FOR CONTRIBUTIONS  
22 OUTSIDE 3-YEAR HOLDING PERIOD.—Subpara-  
23 graph (A) shall not apply to any contribution  
24 which is made at least 3 years after the latest  
25 of—

1           “(i) the last date on which the part-  
2           nership that made such contribution ac-  
3           quired any portion of the real property  
4           with respect to which such contribution is  
5           made,

6           “(ii) the last date on which any part-  
7           ner in the partnership that made such con-  
8           tribution acquired any interest in such  
9           partnership, and

10           “(iii) if the interest in the partnership  
11           that made such contribution is held  
12           through 1 or more partnerships—

13           “(I) the last date on which any  
14           such partnership acquired any interest  
15           in any other such partnership, and

16           “(II) the last date on which any  
17           partner in any such partnership ac-  
18           quired any interest in such partner-  
19           ship.

20           “(D) EXCEPTION FOR FAMILY PARTNER-  
21           SHIPS.—

22           “(i) IN GENERAL.—Subparagraph (A)  
23           shall not apply with respect to any con-  
24           tribution made by any partnership if sub-  
25           stantially all of the partnership interests in

1           such partnership are held, directly or indi-  
2           rectly, by an individual and members of  
3           the family of such individual.

4           “(ii) MEMBERS OF THE FAMILY.—For  
5           purposes of this subparagraph, the term  
6           ‘members of the family’ means, with re-  
7           spect to any individual—

8                     “(I) the spouse of such indi-  
9                     vidual, and

10                    “(II) any individual who bears a  
11                    relationship to such individual which  
12                    is described in subparagraphs (A)  
13                    through (G) of section 152(d)(2).

14           “(E) APPLICATION TO OTHER PASS-  
15           THROUGH ENTITIES.—Except as may be other-  
16           wise provided by the Secretary, the rules of this  
17           paragraph shall apply to S corporations and  
18           other pass-through entities in the same manner  
19           as such rules apply to partnerships.

20           “(F) REGULATIONS.—The Secretary shall  
21           prescribe such regulations or other guidance as  
22           may be necessary or appropriate to carry out  
23           the purposes of this paragraph, including regu-  
24           lations or other guidance—

1                   “(i) to require reporting, including re-  
2                   reporting related to tiered partnerships and  
3                   the modified basis of partners, and

4                   “(ii) to prevent the avoidance of the  
5                   purposes of this paragraph.”.

6           (b) APPLICATION OF ACCURACY-RELATED PEN-  
7 ALTIES.—

8           (1) IN GENERAL.—Section 6662(b) is amended  
9           by inserting after paragraph (9) the following new  
10          paragraph:

11           “(10) Any disallowance of a deduction by rea-  
12          son of section 170(h)(7).”.

13          (2) TREATMENT AS GROSS VALUATION  
14 MISSTATEMENT.—Section 6662(h)(2) is amended by  
15 striking “and” at the end of subparagraph (B), by  
16 striking the period at the end of subparagraph (C)  
17 and inserting “, and”, and by adding at the end the  
18 following new subparagraph:

19           “(D) any disallowance of a deduction de-  
20          scribed in subsection (b)(10).”.

21          (3) NO REASONABLE CAUSE EXCEPTION.—Sec-  
22 tion 6664(c)(2) is amended by inserting “or to any  
23 disallowance of a deduction described in section  
24 6662(b)(10)” before the period at the end.

1           (4) APPROVAL OF ASSESSMENT NOT RE-  
2           QUIRED.—Section 6751(b)(2)(A) is amended by  
3           striking “subsection (b)(9)” and inserting “para-  
4           graph (9) or (10) of subsection (b)”.

5           (c) EXTENSION OF STATUTE OF LIMITATIONS FOR  
6 LISTED TRANSACTIONS.—Any contribution described in  
7 section 170(h)(7)(A) of the Internal Revenue Code of  
8 1986 (as added by this section) shall be treated for pur-  
9 poses of sections 6501(c)(10) and 6235(c)(6) of such Code  
10 as a transaction specifically identified by the Secretary as  
11 a tax avoidance transaction for purposes of section 6011  
12 of such Code.

13           (d) EFFECTIVE DATE.—

14           (1) IN GENERAL.—The amendments made by  
15 this section shall apply to contributions made after  
16 the date of the enactment of this Act.

17           (2) NO INFERENCE.—No inference is intended  
18 as to the appropriate treatment of contributions  
19 made in taxable years ending on or before the date  
20 specified in paragraph (1), or as to any activity not  
21 described in section 170(h)(7) of the Internal Rev-  
22 enue Code of 1986, as added by this section.