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

IN THE SENATE OF THE UNITED STATES

Mr. Wyden, from the Committee on ________, reported the following original bill; which was read twice and placed on the calendar

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

(c) Table of Contents.—The table of contents for 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—RETIREES

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.
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.
Sec. 611. Credit for small employers that adopt 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. 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.

TITLE I—INDIVIDUAL RETIREMENT

SEC. 101. SECURE DEFERRAL ARRANGEMENTS.
(a) IN GENERAL.—Subsection (k) of section 401 is amended by adding at the end the following new paragraph:
“(16) ALTERNATIVE METHOD FOR SECURE DE-
FERRAL ARRANGEMENTS TO MEET NONDISCRIMINA-
TION REQUIREMENTS.—

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

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

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

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

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

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

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

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

“(D) MATCHING CONTRIBUTIONS.—

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

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

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

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

“(ii) Rules for matching contributions.—

“(I) In general.—The rate of matching contributions with respect to each increment of employee contributions may be higher than the rate specified in clause (i) so long as such rate does not increase as an employee’s rate of elective contributions increases.

“(II) Rules relating to alternative plan designs.—The rules of paragraph (12)(B)(iii) shall not apply for purposes of clause (i).”.
(b) Matching Contributions.—Subsection (m) of section 401 is amended by redesignating paragraph (13) as paragraph (14) and by inserting after paragraph (12) the following new paragraph:

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

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

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

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

(c) Conforming Amendments.—

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

(2) Subclause (II) of section 401(k)(15)(B)(i) is amended by striking “subsection (a)(4), paragraphs
(3), (12), and (13)” and inserting “paragraphs (3),
(12), (13), and (16), subsection (a)(4)”.

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

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

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

(d) Effective Date.—The amendments made by
this section shall apply to plan years beginning after De-

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

(a) In General.—Subchapter B of chapter 65 is
amended by adding at the end the following new section:

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

“(a) In General.—
“(1) ALLOWANCE OF CREDIT.—Any eligible individual who makes qualified retirement savings contributions for the taxable year shall be allowed a credit for such taxable year in an amount equal to the applicable percentage of so much of the qualified retirement savings contributions made by such eligible individual for the taxable year as does not exceed $2,000.

“(2) PAYMENT OF CREDIT.—

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

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

“(ii) paid by the Secretary as a contribution (as soon as practicable after the eligible individual has filed a tax return making a claim for such credit for the taxable year) to the applicable retirement savings vehicle of an eligible individual.

“(B) EXCEPTION.—In the case of an eligible individual with respect to whom the credit determined under paragraph (1) is greater than zero but less than $100 for the taxable year,
the eligible individual may elect to have sub-
paragraph (A) not apply.

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

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

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

“(A) the excess of—

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

“(ii) the applicable dollar amount,
bears to

“(B) the phaseout range.

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

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

“(A) JOINT RETURNS AND SURVIVING
SPOUSES.—Except as provided in subparagraph
(B)—
“(i) the applicable dollar amount is $41,000, and
“(ii) the phaseout range is $30,000.
“(B) OTHER RETURNS.—In the case of—
“(i) a head of a household (as defined in section 2(b)), the applicable dollar amount and the phaseout range shall be \( \frac{3}{4} \) of the amounts applicable under subparagraph (A) (as adjusted under subsection (h)), and
“(ii) any taxpayer who is not filing a joint return, who is not a head of a household (as so defined), and who is not a surviving spouse (as defined in section 2(a)), the applicable dollar amount and the phaseout range shall be \( \frac{1}{2} \) of the amounts applicable under subparagraph (A) (as so adjusted).
“(c) ELIGIBLE INDIVIDUAL.—For purposes of this section—
“(1) IN GENERAL.—The term ‘eligible individual’ means any individual if such individual has attained the age of 18 as of the close of the taxable year.
“(2) DEPENDENTS AND FULL-TIME STUDENTS NOT ELIGIBLE.—The term ‘eligible individual’ shall not include—

“(A) any individual with respect to whom a deduction under section 151 is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual’s taxable year begins, and

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

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

“(d) QUALIFIED RETIREMENT SAVINGS CONTRIBUTIONS.—For purposes of this section—

“(1) IN GENERAL.—The term ‘qualified retirement savings contributions’ means, with respect to any taxable year, the sum of—
“(A) the amount of the qualified retirement contributions (as defined in section 219(e)) made by the eligible individual,

“(B) the amount of—

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

“(ii) any elective deferral of compensation by such individual under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

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

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

“(2) Reduction for certain distributions.—

“(A) In general.—The qualified retirement savings contributions determined under paragraph (1) for a taxable year shall be reduced (but not below zero) by the aggregate distributions received by the individual during
the testing period from any entity of a type to which contributions under paragraph (1) may be made.

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

“(i) such taxable year,

“(ii) the 2 preceding taxable years, and

“(iii) the period after such taxable year and before the due date (including extensions) for filing the return of tax for such taxable year.

“(C) Excepted distributions.—There shall not be taken into account under subparagraph (A)—

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

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

“(iii) any portion of a distribution if such portion is transferred or paid in a rollover contribution (as defined in section
402(c), 403(a)(4), 403(b)(8), 408A(e), or 457(e)(16)) to an account or plan to which qualified retirement savings contributions can be made.

“(D) Treatment of distributions received by spouse of individual.—For purposes of determining distributions received by an individual under subparagraph (A) for any taxable year, any distribution received by the spouse of such individual shall be treated as received by such individual if such individual and spouse file a joint return for such taxable year and for the taxable year during which the spouse receives the distribution.

“(e) Applicable retirement savings vehicle.—

“(1) In general.—The term ‘applicable retirement savings vehicle’ means an account or plan elected by the eligible individual under paragraph (2).

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

“(A) is—
“(i) the portion of a plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B) which does not consist of a qualified Roth contribution program (as defined in section 402A(b)), or

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

“(B) is for the benefit of the eligible individual,

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

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

“(f) OTHER DEFINITIONS AND SPECIAL RULES.—

“(1) MODIFIED ADJUSTED GROSS INCOME.—
For purposes of this section, the term ‘modified adjusted gross income’ means adjusted gross income—

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

“(B) determined without regard to any exclusion or deduction allowed for any qualified retirement savings contribution made during the taxable year.
“(2) Treatment of Contributions.—In the case of any contribution under subsection (a)(2)—

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

“(i) an elective deferral made by the individual, if contributed to an applicable retirement savings vehicle described in subsection (e)(2)(A)(i), or

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

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

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

“(A) IN GENERAL.—If any contribution is erroneously paid under subsection (a)(2), including a payment that is not made to an applicable retirement savings vehicle, the amount of such erroneous payment shall be treated as an underpayment of tax (other than for purposes of part II of subchapter A of chapter 68) for the taxable year in which the Secretary determines the payment is erroneous.

“(B) DISTRIBUTION OF ERRONEOUS CREDITS.—In the case of a contribution to which subparagraph (A) applies—

“(i) section 402(a), 403(a)(1), 403(b)(1), 408(d)(1), or 457(a)(1), whichever is applicable, shall not apply to any distribution of such contribution, and section 72(t) shall not apply to the distribution of such contribution or any income attributable thereto, if such distribution is received not later than the day prescribed by law (including extensions of time) for filing the individual’s return for such taxable year, and
“(ii) any plan or arrangement from which such a distribution is made under this subparagraph shall not be treated as violating any requirement under section 401, 403, or 457 solely by reason of making such distribution.

“(5) Exception from reduction or offset.—Any payment made to any individual under this section shall not be—

“(A) subject to reduction or offset pursuant to subsection (c), (d), (e), or (f) of section 6402 or any similar authority permitting offset, or

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

“(g) Provision by Secretary of Information Relating to Contributions.—In the case of an amount elected by an eligible individual to be contributed to an account or plan under subsection (e)(2), the Secretary shall provide general guidance applicable to the custodian of the account or the plan sponsor, as the case may be, detailing the treatment of such contribution under subsection (f)(2) and the reporting requirements with respect to such contribution under section 6058, particularly as
such requirements are modified pursuant to section 102(e)(2) of the Enhancing American Retirement Now Act.

“(h) INFLATION ADJUSTMENTS.—

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

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2026’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

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

(b) TREATMENT OF CERTAIN POSSESSIONS.—

(1) PAYMENTS TO POSSESSIONS WITH MIRROR CODE TAX SYSTEMS.—The Secretary of the Treasury shall pay to each possession of the United States which has a mirror code tax system amounts equal to the loss (if any) to that possession by reason of the amendments made by this section. Such
amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the respective possession.

(2) Payments to Other Possessions.—The Secretary of the Treasury shall pay to each possession of the United States which does not have a mirror code tax system amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits (if any) that would have been provided to residents of such possession by reason of the amendments made by this section if a mirror code tax system had been in effect in such possession. The preceding sentence shall not apply unless the respective possession has a plan, which has been approved by the Secretary of the Treasury, under which such possession will promptly distribute such payments to its residents.

(3) Coordination with Credit Allowed against United States Income Taxes.—No credit shall be allowed against United States income taxes under section 6433 of the Internal Revenue Code of 1986 (as added by this section) to any person—
(A) to whom a credit is allowed against
taxes imposed by the possession by reason of
the amendments made by this section, or

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

(4) **Mirror Code Tax System**.—For purposes
of this subsection, the term "mirror code tax sys-
tem" means, with respect to any possession of the
United States, the income tax system of such posses-
sion if the income tax liability of the residents of
such possession under such system is determined by
reference to the income tax laws of the United
States as if such possession were the United States.

(5) **Treatment of Payments**.—For purposes
of section 1324 of title 31, United States Code, the
payments under this subsection shall be treated in
the same manner as a refund due from a credit pro-
vision referred to in subsection (b)(2) of such sec-
tion.

(c) **Administrative Provisions**.—

(1) **Deficiencies**.—Section 6211(b)(4) is
amended by striking "and 7527A" and inserting
"7527A, and 6433".

(2) **Reporting**.—The Secretary of the Treas-
ury shall amend the forms relating to reports re-
quired under section 6058 of the Internal Revenue Code of 1986 to require—

(A) separate reporting of the aggregate amount of contributions received by the plan during the year under section 6433 of the Internal Revenue Code of 1986 (as added by this section), and

(B) similar reporting with respect to individual retirement accounts (as defined in section 408 of such Code) and individual retirement annuities (as defined in section 408(b) of such Code).

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

(e) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 25B(d) is amended by striking “the sum of—” and all that follows through “the amount of contributions made before January 1, 2026” and inserting “the amount of contributions made before January 1, 2026”.

(2) The table of sections for subchapter B of chapter 65 is amended by adding at the end the following new item:

“Sec. 6433. Matching payments for elective deferral and IRA contributions by certain individuals.”.
(f) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2026.

SEC. 103. MODIFICATION OF PARTICIPATION REQUIREMENTS FOR LONG-TERM, PART-TIME WORKERS.

(a) Participation Requirement.—Clause (ii) of section 401(k)(2)(D) is amended by striking “3 consecutive” and inserting “2 consecutive”.

(b) Pre-2021 Service.—Section 112(b) of the Setting Every Community Up for Retirement Enhancement Act of 2019 (26 U.S.C. 401 note) is amended by striking “section 401(k)(2)(D)(ii)” and inserting “paragraphs (2)(D)(ii) and (15)(B)(iii) of section 401(k)”.

(c) Coordination With Rules for Top-Heavy Plans.—Subparagraph (H) of section 416(g)(4), as amended by this Act, is further amended by inserting before “If, but” the following: “Such term shall not include a plan solely because such plan does not provide matching contributions to employees described in section 401(k)(15)(B)(i)”. 

(d) Effective Dates.—

(1) In General.—The amendment made by subsection (a) shall apply to plan years beginning after December 31, 2022.
(2) PRE-2021 SERVICE AND TOP-HEAVY RULES.—The amendments made by subsections (b) and (c) shall take effect as if included in the enactment of section 112 of the Setting Every Community Up for Retirement Enhancement Act of 2019.

SEC. 104. TREATMENT OF STUDENT LOAN PAYMENTS AS ELECTIVE DEFERRALS FOR PURPOSES OF MATCHING CONTRIBUTIONS.

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

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

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

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

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

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

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

“(ii) if the employee certifies annually to the employer making the matching contribution under this paragraph that such payment has been made on such loan.

For purposes of this subparagraph, the term ‘qualified higher education expenses’ means the cost of attendance (as defined in section 472 of the Higher Education Act of 1965, as in effect on the day before the date of the enactment of the Taxpayer Relief Act of 1997) at an eligible educational institution (as defined in section 221(d)(2)).”.
(c) **Matching Contributions for Qualified Student Loan Payments.**—Subsection (m) of section 401, as amended by this Act, is further amended by redesignating paragraph (14) as paragraph (15), and by inserting after paragraph (13) the following new paragraph:

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

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

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

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

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

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

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

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

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

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

“(iv) **Actual Deferral Percentage Testing.**—In determining whether a
plan meets the requirements of subsection
(k)(3)(A)(ii) for a plan year, the plan may
apply the requirements of such subsection
separately with respect to all employees
who receive matching contributions de-
dcribed in paragraph (4)(A)(iii) for the
plan year.

“(C) **Employer May Rely on Employee Certificate.**—The employer may rely on an
employee certification of payment under para-
graph (4)(D)(ii).”.

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

“(F) **Matching Contributions for
Qualified Student Loan Payments.**—
“(i) IN GENERAL.—Subject to the rules of clause (iii), an arrangement shall not fail to be treated as meeting the requirements of subparagraph (A)(iii) solely because under the arrangement, solely for purposes of such subparagraph, qualified student loan payments are treated as amounts elected by the employee under subparagraph (A)(i)(I) to the extent such payments do not exceed—

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

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

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

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

“(II) QUALIFIED HIGHER EDUCATION EXPENSES.—The term ‘qualified higher education expenses’ has the same meaning as when used in section 401(m)(4)(D).

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

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

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

(e) 403(b) Plans.—Subparagraph (A) of section 403(b)(12) is amended by adding at the end the following: “The fact that the employer offers matching contributions on account of qualified student loan payments as described in section 401(m)(14) shall not be taken into account in determining whether the arrangement satisfies the requirements of clause (ii) (and any regulation thereunder).”.

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

(g) Regulatory Authority.—The Secretary of the Treasury (or such Secretary’s delegate) shall prescribe regulations for purposes of implementing the amendments made by this section, including regulations—
(1) permitting a plan to make matching contributions for qualified student loan payments, as defined in sections 401(m)(4)(D) and 408(p)(2)(F) of the Internal Revenue Code of 1986, as added by this section, at a different frequency than matching contributions are otherwise made under the plan, provided that the frequency is not less than annually;

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

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

(h) Effective Date.—The amendments made by this section shall apply to contributions made for plan years beginning after December 31, 2023.
SEC. 105. WITHDRAWALS FOR CERTAIN EMERGENCY EXPENSES.

(a) In general.—Paragraph (2) of section 72(t) is amended by adding at the end the following new subparagraph:

“(I) DISTRIBUTIONS FOR CERTAIN EMERGENCY EXPENSES.—

“(i) In general.—Any emergency personal expense distribution.

“(ii) Annual limitation.—Not more than 1 distribution per calendar year may be treated as an emergency personal expense distribution by any individual.

“(iii) Dollar limitation.—The amount which may be treated as an emergency personal expense distribution by any individual in any calendar year shall not exceed the lesser of $1,000 or an amount equal to the excess of—

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

“(II) $1,000.
“(iv) Emergency personal expense distribution.—For purposes of this subparagraph, the term ‘emergency personal expense distribution’ means any distribution from an applicable eligible retirement plan (as defined in subparagraph (H)(vi)(I)) to an individual for purposes of meeting unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses. The administrator of an applicable eligible retirement plan may rely on an employee’s certification that the employee satisfies the conditions of the preceding sentence in determining whether any distribution is an emergency personal expense distribution. The Secretary may provide by regulations for exceptions to the rule of the preceding sentence in cases where the plan administrator has actual knowledge to the contrary of the employee’s certification, and for procedures for addressing cases of employee misrepresentation.

“(v) Treatment of plan distributions.—If a distribution to an individual
would (without regard to clause (ii) or (iii)) be an emergency personal expense distribution, a plan shall not be treated as failing to meet any requirement of this title merely because the plan treats the distribution as an emergency personal expense distribution, unless the number or the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer, determined as provided in subparagraph (H)(iv)(II)) to such individual exceeds the limitation determined under clause (ii) or (iii).

“(vi) Amount distributed may be repaid.—

“(I) In general.—Any individual who receives an emergency personal expense distribution may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an ap-
applicable eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), as the case may be.

“(II) LIMITATION ON CONTRIBUTIONS TO APPLICABLE ELIGIBLE RETIREMENT PLANS OTHER THAN IRAS.—The aggregate amount of contributions made by an individual under subclause (I) to any applicable eligible retirement plan which is not an individual retirement plan shall not exceed the aggregate amount of emergency personal expense distributions which are made from such plan to such individual. Subclause (I) shall not apply to contributions to any applicable eligible retirement plan which is not an individual retirement plan unless the individual is eligible to make contributions (other than those
described in subclause (I)) to such applicable eligible retirement plan.

"(III) Treatment of repayments of distributions from applicable eligible retirement plans other than IRAs.—If a contribution is made under subclause (I) with respect to an emergency personal expense distribution from an applicable eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received such distribution in an eligible rollover distribution (as defined in section 402(c)(4)) and as having transferred the amount to the applicable eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

"(IV) Treatment of repayments for distributions from IRAs.—If a contribution is made under subclause (I) with respect to an emergency personal expense distribu-
tion from an individual retirement plan, then, to the extent of the amount of the contribution, such distribution shall be treated as a distribution described in section 408(d)(3) and as having been transferred to the applicable eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

“(vii) LIMITATION ON SUBSEQUENT DISTRIBUTIONS.—If a distribution is treated as an emergency personal expense distribution in any calendar year with respect to a plan of the employee, no amount may be treated as such a distribution during the immediately following 3 calendar years with respect to such plan unless—

“(I) such previous distribution is fully repaid to such plan pursuant to clause (vi), or

“(II) the aggregate of the elective deferrals and employee contributions to the plan (the total amounts contributed to the plan in the case of an
individual retirement plan) subsequent to such previous distribution is at least equal to the amount of such previous distribution which has not been so repaid.

“(viii) **Special rules.**—Rules similar to the rules of subclauses (II) and (IV) of subparagraph (H)(vi) shall apply to any emergency personal expense distribution.”.

(b) **Effective date.**—The amendments made by this section shall apply to distributions made after December 31, 2023.

**SEC. 106. ALLOW ADDITIONAL NONELECTIVE CONTRIBUTIONS TO SIMPLE PLANS.**

(a) **In general.**—

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

“(iv) the employer may make nonelective contributions—

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

“(II) not to exceed $5,000,
for each employee who is eligible to participate in the arrangement and who has at least $5,000 of compensation from the employer for the year, and”.

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

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

“(8) COORDINATION WITH MAXIMUM LIMITATION.—In the case of any simple retirement account—

“(A) subsection (a)(1) shall be applied by substituting for ‘the amount in effect for such taxable year under section 219(b)(1)(A)” the following: ‘the sum of the dollar amount in effect under subsection (p)(2)(A)(ii), the employer contribution required under subsection (p)(2)(A)(iii) or (p)(2)(B)(i), whichever is applicable, and a contribution which meets the re-
quirement of subsection (p)(2)(A)(iv) with respect to the employee’, and

“(B) subsection (b)(2)(B) shall be applied by substituting for ‘the dollar amount in effect under section 219(b)(1)(A)’ the following: ‘the sum of the dollar amount in effect under subsection (p)(2)(A)(ii), the employer contribution required under subsection (p)(2)(A)(iii) or (p)(2)(B)(i), whichever is applicable, and a contribution which meets the requirement of subsection (p)(2)(A)(iv) with respect to the employee’.”.

(4) ADJUSTMENT FOR INFLATION.—Paragraph (2) of section 408(p), as amended by this Act, is further amended by adding at the end the following new subparagraph:

“(G) ADJUSTMENT FOR INFLATION.—In the case of taxable years beginning after December 31, 2024, the $5,000 amount in subparagraph (A)(iv)(II) shall be increased by an amount equal to—

“(i) such amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year be-
gins, determined by substituting ‘2023’ for ‘2016’ in subparagraph (A)(ii) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.”.

(b) CONFORMING AMENDMENTS.—

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

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

“(III) the employer may make nonelective contributions of a uniform percentage (up to 10 percent) of compensation, not to exceed the amount in effect under section 408(p)(2)(A)(iv)(II) in any year, for each employee who is eligible to participate in the arrangement and who has at least $5,000 of compensation from the employer for the year, and”.
(3) Section 401(k)(11)(B)(i)(IV), as redesignated by paragraph (2), is amended by striking “or (II)” and inserting “, (II), or (III)”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2023.

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

(a) In General.—Subparagraph (A) of section 401(k)(4) is amended by inserting “(other than a de minimis financial incentive provided to employees who elect to have the employer make contributions under the arrangement in lieu of receiving cash)” after “any other benefit”.

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

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

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

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

SEC. 108. INDEXING IRA CATCH-UP LIMIT.

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

“(iii) INDEXING OF CATCH-UP LIMITATION.—In the case of any taxable year beginning in a calendar year after 2022, the $1,000 amount under subparagraph (B)(ii) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2021’ for ‘cal-
endar year 2016’ in subparagraph (A)(ii) thereof.

If any amount after adjustment under the preceding sentence is not a multiple of $100, such amount shall be rounded to the next lower multiple of $100.’’.

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

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

(a) IN GENERAL.—

(1) PLANS OTHER THAN SIMPLE PLANS.—Section 414(v)(2)(B)(i) is amended by inserting the following before the period: ‘‘($10,000, in the case of an eligible participant who would attain age 60 but would not attain age 64 before the close of the taxable year)’’.

(2) SIMPLE PLANS.—Section 414(v)(2)(B)(ii) is amended by inserting the following before the period: ‘‘($5,000, in the case of an eligible participant who would attain age 60 but would not attain age 64 before the close of the taxable year)’’.

(b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph (C) of section 414(v)(2) is amended by adding at the end
the following: “In the case of a year beginning after December 31, 2025, the Secretary shall adjust annually the $10,000 amount in subparagraph (B)(i) and the $5,000 amount in subparagraph (B)(ii) for increases in the cost-of-living at the same time and in the same manner as adjustments under the preceding sentence; except that the base period taken into account shall be the calendar quarter beginning July 1, 2024.”.

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

SEC. 110. ELIMINATE THE “FIRST DAY OF THE MONTH” REQUIREMENT FOR GOVERNMENTAL SECTION 457(b) PLANS.

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

“(4) which provides that compensation—

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

“(B) in any other case, will be deferred for any calendar month only if an agreement pro-
providing for such deferral has been entered into
before the beginning of such month,”.

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

**SEC. 111. TAX TREATMENT OF CERTAIN NONTRADE OR
BUSINESS SEP CONTRIBUTIONS.**

(a) **In General.**—Subparagraph (B) of section
4972(c)(6) is amended—

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

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

(b) **Effective Date.**—The amendments made by
this section shall apply to taxable years beginning after
the date of the enactment of this Act.

**SEC. 112. ELIMINATION OF ADDITIONAL TAX ON CORREC-
TIVE DISTRIBUTIONS OF EXCESS CONTRIBU-
TIONS.**

(a) **In General.**—Subparagraph (A) of section
72(t)(2) is amended—

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

(2) by striking the period at the end of clause
(viii) and inserting “, or”; and
(3) by inserting after clause (viii) the following new clause:

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

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

**SEC. 113. EMPLOYER MAY RELY ON EMPLOYEE CERTIFYING THAT DEEMED HARDSHIP DISTRIBUTION CONDITIONS ARE MET.**

(a) **Cash or Deferred Arrangements.**—Section 401(k)(14) is amended by adding at the end the following new subparagraph:

“(C) **Employee Certification.**—In determining whether a distribution is upon the hardship of an employee, the administrator of
the plan may rely on a written certification by
the employee that the distribution is—

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

“(ii) not in excess of the amount re-
quired to satisfy such financial need, and

that the employee has no alternative means rea-
sonably available to satisfy such financial need.
The Secretary may provide by regulations for
exceptions to the rule of the preceding sentence
in cases where the plan administrator has ac-
tual knowledge to the contrary of the employ-
ee’s certification, and for procedures for ad-
dressing cases of employee misrepresentation.”.

(b) 403(b) PLANS.—

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

“(D) EMPLOYEE CERTIFICATION.—In de-
determining whether a distribution is upon the fi-
nancial hardship of an employee, the adminis-
trator of the plan may rely on a written certifi-
cation by the employee that the distribution is—

“(i) on account of a financial need of a type which is deemed in regulations prescribed by the Secretary to be an immediate and heavy financial need, and

“(ii) not in excess of the amount required to satisfy such financial need, and

that the employee has no alternative means reasonably available to satisfy such financial need. The Secretary may provide by regulations for exceptions to the rule of the preceding sentence in cases where the plan administrator has actual knowledge to the contrary of the employee’s certification, and for procedures for addressing cases of employee misrepresentation.”.

(2) ANNUITY CONTRACTS.—Section 403(b)(11) is amended by adding at the end the following: “In determining whether a distribution is upon hardship of an employee, the administrator of the plan may rely on a written certification by the employee that the distribution is on account of a financial need of a type which is deemed in regulations prescribed by the Secretary to be an immediate and heavy financial need and is not in excess of the amount required
to satisfy such financial need, and that the employee has no alternative means reasonably available to satisfy such financial need. The Secretary may provide by regulations for exceptions to the rule of the preceding sentence in cases where the plan administrator has actual knowledge to the contrary of the employee’s certification, and for procedures for addressing cases of employee misrepresentation.”.

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

“(4) PARTICIPANT CERTIFICATION.—In determining whether a distribution to a participant is made when the participant is faced with an unforeseeable emergency, the administrator of a plan maintained by an eligible employer described in subsection (e)(1)(A) may rely on a written certification by the participant that the distribution is—

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

“(B) not in excess of the amount required to satisfy the emergency need, and
that the participant has no alternative means rea-
sonably available to satisfy such emergency need.
The Secretary may provide by regulations for excep-
tions to the rule of the preceding sentence in cases
where the plan administrator has actual knowledge
to the contrary of the participant’s certification, and
for procedures for addressing cases of participant
misrepresentation.”.
(d) Effective Date.—The amendments made by
this section shall apply to plan years beginning after the
date of the enactment of this Act.

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

(a) In General.—Paragraph (2) of section 72(t), as
amended by this Act, is further amended by adding at the
end the following new subparagraph:

“(J) Distributions from retirement
plan in case of domestic abuse.—

“(i) In general.—Any eligible dis-
tribution to a domestic abuse victim.

“(ii) Limitation.—The aggregate
amount which may be treated as an eligi-
ble distribution to a domestic abuse victim
by any individual shall not exceed an amount equal to the lesser of—

“(I) $10,000, or

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

“(iii) Eligible distribution to a domestic abuse victim.—For purposes of this subparagraph—

“(I) In general.—A distribution shall be treated as an eligible distribution to a domestic abuse victim if such distribution is from an applicable eligible retirement plan and is made to an individual during the 1-year period beginning on any date on which the individual is a victim of domestic abuse by a spouse or domestic partner.

“(II) Domestic abuse.—The term ‘domestic abuse’ means physical, psychological, sexual, emotional, or economic abuse, including efforts to control, isolate, humiliate, or intimi-
date the victim, or to undermine the
victim’s ability to reason independ-
ently, including by means of abuse of
the victim’s child or another family
member living in the household.

“(iv) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual
would (without regard to clause (ii)) be an
eligible distribution to a domestic abuse
victim, a plan shall not be treated as fail-
ing to meet any requirement of this title
merely because the plan treats the dis-
tribution as an eligible distribution to a do-
metric abuse victim, unless the aggregate
amount of such distributions from all plans
maintained by the employer (and any
member of any controlled group which in-
cludes the employer, determined as pro-
vided in subparagraph (H)(iv)(II)) to such
individual exceeds the limitation under
clause (ii).

“(v) AMOUNT DISTRIBUTED MAY BE
REPAID.—

“(I) IN GENERAL.—Any indi-
vidual who receives a distribution de-
scribed in clause (i) may, at any time
during the 3-year period beginning on
the day after the date on which such
distribution was received, make one or
more contributions in an aggregate
amount not to exceed the amount of
such distribution to an applicable eli-
gible retirement plan of which such
individual is a beneficiary and to
which a rollover contribution of such
distribution could be made under sec-
tion 402(c), 403(a)(4), 403(b)(8),
408(d)(3), or 457(e)(16), as the case
may be.

“(II) LIMITATION ON CONTRIBU-
TIONS TO APPLICABLE ELIGIBLE RE-
TIREMENT PLANS OTHER THAN
IRAs.—The aggregate amount of con-
tributions made by an individual
under subclause (I) to any applicable
eligible retirement plan which is not
an individual retirement plan shall not
exceed the aggregate amount of eligi-
ble distributions to a domestic abuse
victim which are made from such plan
to such individual. Subclause (I) shall not apply to contributions to any applicable eligible retirement plan which is not an individual retirement plan unless the individual is eligible to make contributions (other than those described in subclause (I)) to such applicable eligible retirement plan.

"(III) Treatment of repayments of distributions from applicable eligible retirement plans other than IRAs.—If a contribution is made under subclause (I) with respect to an eligible distribution to a domestic abuse victim from an applicable eligible retirement plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received such distribution in an eligible rollover distribution (as defined in section 402(e)(4)) and as having transferred the amount to the applicable eligible retirement plan in a direct trustee to
trustee transfer within 60 days of the distribution.

“(IV) Treatment of Repayments for Distributions from IRAs.—If a contribution is made under subclause (I) with respect to an eligible distribution to a domestic abuse victim from an individual retirement plan, then, to the extent of the amount of the contribution, such distribution shall be treated as a distribution described in section 408(d)(3) and as having been transferred to the applicable eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

“(vi) Definition and Special Rules.—For purposes of this subparagraph:

“(I) Applicable Eligible Retirement Plan.—The term ‘applicable eligible retirement plan’ means an eligible retirement plan (as defined in section 402(c)(8)(B)) other than a de-
fined benefit plan or a plan to which
sections 401(a)(11) and 417 apply.

“(II) Exemption of distributions from trustee to trustee
transfer and withholding rules.—For purposes of sections
401(a)(31), 402(f), and 3405, an eligible distribution to a domestic abuse
victim shall not be treated as an eligible rollover distribution.

“(III) Distributions treated
as meeting plan distribution re-
quirements; self-certification.—
Any distribution which the employee
or participant certifies as being an eli-
gible distribution to a domestic abuse
victim shall be treated as meeting the
requirements of sections
401(k)(2)(B)(i), 403(b)(7)(A)(i),
403(b)(11), and 457(d)(1)(A).”.

(b) Effective Date.—The amendments made by
this section shall apply to distributions made after the
date of the enactment of this Act.
SEC. 115. AMENDMENTS TO INCREASE BENEFIT ACCRUALS

UNDER PLAN FOR PREVIOUS PLAN YEAR ALLOWED UNTIL EMPLOYER TAX RETURN DUE DATE.

(a) In general.—Section 401(b) is amended by adding at the end the following new paragraph:

“(3) Retroactive plan amendments that increase benefit accruals.—If—

“(A) an employer amends a stock bonus, pension, profit-sharing, or annuity plan to increase benefits accrued under the plan effective as of any date during the immediately preceding plan year (other than increasing the amount of matching contributions (as defined in subsection (m)(4)(A))),

“(B) such amendment would not otherwise cause the plan to fail to meet any of the requirements of this subchapter, and

“(C) such amendment is adopted before the time prescribed by law for filing the return of the employer for the taxable year (including extensions thereof) which includes the date described in subparagraph (A),

the employer may elect to treat such amendment as having been adopted as of the last day of the plan year in which the amendment is effective.”.
(b) **Effective Date.**—The amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.

**SEC. 116. RETROACTIVE FIRST YEAR ELECTIVE DEFERRALS FOR SOLE PROPRIETORS.**

(a) **In General.**—Section 401(b)(2) is amended by adding at the end the following: “In the case of an individual who owns the entire interest in an unincorporated trade or business, and who is the only employee of such trade or business, any elective deferrals (as defined in section 402(g)(3)) under a qualified cash or deferred arrangement to which the preceding sentence applies, which are made by such individual before the time for filing the return of such individual for the taxable year (determined without regard to any extensions) ending after or with the end of the plan’s first plan year, shall be treated as having been made before the end of such first plan year.”.

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

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

Not later than January 1, 2025, the Secretary of the Treasury or the Secretary’s delegate shall, to simplify, standardize, and facilitate the completion of direct rollovers from retirement plans and trustee-to-trustee trans-
fers from individual retirement plans (as defined in section 7701(a)(37) of the Internal Revenue Code of 1986), develop and release—

(1) sample forms for direct rollovers of eligible rollover distributions from a retirement plan to another retirement plan or to an individual retirement plan which—

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

(B) can be used by both distributing retirement plans and receiving retirement plans and individual retirement plans, and

(2) sample forms for trustee-to-trustee transfers of amounts from an individual retirement plan to another individual retirement plan or to a retirement plan which—

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

(B) can be used by both transferring individual retirement plans and receiving retirement plans and individual retirement plans.

SEC. 118. EXEMPTION FOR AUTOMATIC PORTABILITY TRANSACTIONS.

(a) In General.—Section 4975(d), as amended by this Act, is further amended—
(1) by striking “or” at the end of paragraph (23),

(2) by striking the period at the end of paragraph (24) and inserting “, or”, and

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

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

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

“(12) RULES RELATING TO AUTOMATIC PORTABILITY TRANSACTIONS.—

“(A) IN GENERAL.—For purposes of subsection (d)(25)—

“(i) AUTOMATIC PORTABILITY TRANSACTION.—An automatic portability transaction is a transfer of assets made—

“(I) from an individual retirement plan which is established on behalf of an individual and to which amounts were transferred under section 401(a)(31)(B)(i),

“(II) to an employer-sponsored retirement plan described in clause
(iii), (iv), (v), or (vi) of section 402(e)(8)(B) (other than a defined benefit plan) in which such individual is an active participant, and

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

“(ii) AUTOMATIC PORTABILITY PROVIDER.—An automatic portability provider is a person that executes transfers described in clause (i).

“(B) CONDITIONS FOR AUTOMATIC PORTABILITY TRANSACTIONS.—Subsection (d)(25) shall not apply to an automatic portability transaction unless the following requirements are satisfied:

“(i) ACKNOWLEDGMENT OF FIDUCIARY STATUS.—An automatic portability provider shall acknowledge in writing, at such time and format as specified by the Secretary, that the provider is a fiduciary with respect to the individual retirement plan described in subparagraph (A)(i)(I).
“(ii) FEES.—The fees and compensation received by the automatic portability provider in connection with the automatic portability transaction (including any increase in such fees or compensation) shall not exceed reasonable compensation and must be fully disclosed to and approved in writing in advance of the transaction by a plan fiduciary of the plan described in subparagraph (A)(i)(II) which is independent of the automatic portability provider.

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

“(I) market or sell data relating to the individual retirement plan described in subparagraph (A)(i)(I), or

“(II) use such data for any purpose other than the administration of automatic portability transactions without the express consent of a plan fiduciary which is independent of the automatic portability provider after full disclosure by such provider of how such data will be used.
“(iv) **Open Participation.**—The automatic portability provider shall offer automatic portability transactions on the same terms to any plan described in subparagraph (A)(i)(II) regardless of whether the provider provides other services for such plan.

“(v) **Pre-transaction notice.**—At least 30 days in advance of an automatic portability transaction, the automatic portability provider shall provide notice to the individual on whose behalf the individual retirement plan described in subparagraph (A)(i)(I) is established which includes—

“(I) a description of the automatic portability transaction and the fees which will be charged in connection with the transaction,

“(II) a description of the individual’s right to affirmatively elect not to participate in the transaction, the procedures for such an election, and a telephone number at which the individual can contact the automatic portability provider, and
“(III) such other disclosures as the Secretary may require by regulation.

“(vi) POST-TRANSACTION NOTICE.— Not later than 3 business days after an automatic portability transaction, the automatic portability provider shall provide notice to the individual on whose behalf the individual retirement plan described in subparagraph (A)(i)(I) is established of—

“(I) the actions taken by the automatic portability provider with respect to the individual’s account,

“(II) all relevant information regarding the location and amount of any transferred assets,

“(III) a statement of fees charged against the account by the automatic portability provider or its affiliates in connection with the transfer,

“(IV) a telephone number at which the individual can contact the automatic portability provider, and
“(V) such other disclosures as the Secretary may require by regulation.

“(vii) NOTICE REQUIREMENTS.—The notices required under clauses (v) and (vi) shall be written in a manner calculated to be understood by the average intended recipient and shall not include materially misleading statements.

“(viii) TIMELINESS OF EXECUTION.—After liquidating the assets of an individual retirement plan described in subparagraph (A)(i)(I) to cash, an automatic portability provider shall transfer the account balance of such plan as soon as practicable to the plan described in subparagraph (A)(i)(II).

“(ix) RECORD RETENTION AND AUDITS.—

“(I) IN GENERAL.—An automatic portability provider shall, for 6 years, maintain the records sufficient to demonstrate the terms of this subparagraph have been met.
“(II) Audits.—An automatic portability provider shall conduct an annual audit, in accordance with regulations promulgated by the Secretary, of automatic portability transactions occurring during the calendar year to demonstrate compliance with this subparagraph, and shall submit such audit annually to the Secretary, in such form and manner as specified by the Secretary.”.

(c) Regulatory Authority.—Not later than July 1, 2023, the Secretary of the Treasury (or such Secretary’s delegate) shall issue such regulations as may be necessary to carry out the purposes of the amendments made by this section, including regulations which—

(1) require an automatic portability provider to provide a notice to individuals on whose behalf the individual retirement plan described in paragraph (12)(A)(i)(I) of section 4975(f) of the Internal Revenue Code of 1986, as added by this section, is established in advance of the notices specified in paragraph (12)(B)(v) of such section, as so added,

(2) restrict the receipt of third party compensation (other than a direct fee by an employer spon-
soring a plan which is in lieu of a fee imposed on
an individual retirement plan owner) by an auto-
matic portability provider in connection with an
automatic portability transaction,

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

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

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

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

(d) EFFECTIVE DATE.—The amendments made by
this section shall apply to transactions occurring after De-
SEC. 119. APPLICATION OF SECTION 415 LIMIT FOR CERTAIN EMPLOYEES OF RURAL ELECTRIC OPERATIVES.

(a) In General.—Section 415(b) is amended by adding at the end the following new paragraph:

“(12) Special rule for certain employees of rural electric cooperatives.—

“(A) In general.—Subparagraph (B) of paragraph (1) shall not apply to a participant in an eligible rural electric cooperative plan, except in the case of a participant who was a highly compensated employee (as defined in section 414(q)) of the employer maintaining such plan for the earlier of—

“(i) the plan year in which the participant terminated employment with such employer, or

“(ii) the plan year in which distributions commence under the plan with respect to the participant, or

for any of the 5 plan years immediately preceding such earlier plan year.

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

“(ii) ELECTION.—An employer maintaining an eligible rural cooperative plan may elect not to have subparagraph (A) apply.

“(C) REGULATIONS.—The Secretary shall prescribe such regulations and other guidance as are necessary to limit the application of subparagraph (A) such that it does not result in increased benefits for highly compensated employees.”.

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

SEC. 120. INSURANCE-DEDICATED EXCHANGE-TRADED FUNDS.

(a) IN GENERAL.—Not later than the date which is 7 years after the date of the enactment of this Act, the
74 Secretary of the Treasury (or the Secretary’s delegate) shall amend the regulation issued by the Department of the Treasury relating to “Income Tax; Diversification Requirements for Variable Annuity, Endowment, and Life Insurance Contracts”, 54 Fed. Reg. 8728 (March 2, 1989), and make any necessary corresponding amendments to other regulations, in order to facilitate the use of exchange-traded funds as investment options under variable contracts within the meaning of section 817(d) of the Internal Revenue Code of 1986, in accordance with subsections (b) and (c) of this section.

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

(c) Define Relevant Terms.—In amending Treas. Reg. section 1.817–5(f)(3) in accordance with subsection (b), the Secretary of the Treasury (or the Secretary’s delegate) shall provide definitions consistent with the following:
(1) Exchange-traded fund.—The term “exchange-traded fund” means a regulated investment company, partnership, or trust—

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

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

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

(2) Authorized participant.—The term “authorized participant” means a financial institution that is a member or participant of a clearing agency registered under section 17A(b) of the Securities Exchange Act of 1934 that enters into a contractual relationship with an exchange-traded fund pursuant to which the financial institution is permitted to purchase and redeem shares directly from the fund and to sell such shares to third parties, but only if the contractual arrangement or applicable law precludes the financial institution from—
(A) purchasing the shares for its own investment purposes rather than for the exclusive purpose of creating and redeeming such shares on behalf of third parties; and

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

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

(d) Effective Date.—This section shall apply to segregated asset account investments made on or after the date which is 7 years after the date of the enactment of this Act.
SEC. 121. MODIFICATION OF AGE REQUIREMENT FOR QUALIFIED ABLE PROGRAMS.

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

(b) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2025.

SEC. 122. ASSIST SAVERS IN RECOVERING UNCLAIMED SAVINGS BONDS.

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

“(f)(1) The Secretary shall provide each State, in digital or other electronic form (including digital images), with all information concerning any applicable savings bond which is registered to an owner with a last known address that is within such State, including the serial number of the bond, the name and last known address of such owner, and all records of any transactions involving such bond.

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

“(i) protect the privacy of the owners of applicable savings bonds; and
“(ii) ensure that any information provided to a State under this subsection shall be used solely to carry out the purposes of this subsection.

“(B) Any regulations or guidance prescribed by the Secretary pursuant to subparagraph (A) shall not have the effect of prohibiting, restricting, or otherwise preventing a State from obtaining all information described in paragraph (1).

“(3) Not later than 12 months after the date of enactment of this subsection, and annually thereafter, the Secretary shall submit to the Committee on Appropriations and the Committee on Finance of the Senate a report assessing all efforts to satisfy the requirement under paragraph (1).

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

“(5) For purposes of this subsection, the term ‘applicable savings bond’ means a matured savings bond, and all payment of such bond, including interest, for which such bond—
“(A) was originally in paper, paperless, or electronic form; and

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

**TITLE II—RETIREES**

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

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

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

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

(2) Special Rule for Owners.—Subclause (I) of section 401(a)(9)(C)(ii) is amended by striking “in which the employee attains age 72” and inserting “described in clause (i)(I) with respect to the employee”.

(b) Mandatory Distribution Age.—Paragraph (9) of section 401(a) is amended by inserting at the end the following new subparagraph:

“(J) Applicable Age.—For purposes of this paragraph—
“(i) IN GENERAL.—The applicable age is—

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

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

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

(c) SPouse BeneficiARies.—Subclause (I) of section 401(a)(9)(B)(iv) is amended by striking “age 72” and inserting “the applicable age”.

(d) ConformRIng AmendMent.—Subsection (b) of section 408 is amended by striking “age 72” and inserting “the applicable age determined under section 401(a)(9)(J) with respect to such individual”.
(c) Effective Date.—The amendments made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 202. QUALIFYING LONGEVITY ANNUITY CONTRACTS.

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

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

(2) Increase dollar limitation.—

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

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

(3) FACILITATE JOINT AND SURVIVOR BENEFITS.—The Secretary (or delegate) shall amend Q&A–17(c) of Treas. Reg. section 1.401(a)(9)–6,
and make such corresponding changes to the regulations and related forms as are necessary, to provide that, in the case of a qualifying longevity annuity contract which was purchased with joint and survivor annuity benefits for the individual and the individual’s spouse which were permissible under the regulations at the time the contract was originally purchased, a divorce occurring after the original purchase and before the annuity payments commence under the contract will not affect the permissibility of the joint and survivor annuity benefits or other benefits under the contract, or require any adjustment to the amount or duration of benefits payable under the contract, provided that any qualified domestic relations order (within the meaning of section 414(p) of the Internal Revenue Code of 1986) or, in the case of an arrangement not subject to section 414(p) of such Code or section 206(d) of the Employee Retirement Income Security Act of 1974, any divorce or separation instrument (as defined in subsection (b))—

(A) provides that the former spouse is entitled to the survivor benefits under the contract;
(B) does not modify the treatment of the former spouse as the beneficiary under the contract who is entitled to the survivor benefits; or

(C) does not modify the treatment of the former spouse as the measuring life for the survivor benefits under the contract.

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

(b) DIVORCE OR SEPARATION INSTRUMENT.—For purposes of subsection (a)(2), the term “divorce or separation instrument” means—

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

(2) a written separation agreement; or

(3) a decree (not described in paragraph (1)) requiring a spouse to make payments for the support or maintenance of the other spouse.

(e) EFFECTIVE DATES, ENFORCEMENT, AND INTERPRETATIONS.—

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

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

(2) ENFORCEMENT AND INTERPRETATIONS.—Prior to the date on which the Secretary of the Treasury issues final regulations pursuant to subsection (a)—

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

(B) taxpayers may rely upon their reasonable good faith interpretations of subsection (a).

(d) REGULATORY SUCCESSOR PROVISION.—Any reference to a regulation under this section shall be treated as including a reference to any successor regulation there-to.
SEC. 203. REMOVE REQUIRED MINIMUM DISTRIBUTION BARRIERS FOR LIFE ANNUITIES.

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

“(K) Certain increases in payments under a commercial annuity.—Nothing in this section shall prohibit a commercial annuity (within the meaning of section 3405(c)(6)) that is issued in connection with any eligible retirement plan (within the meaning of section 402(c)(8)(B), other than a defined benefit plan) from providing one or more of the following types of payments on or after the annuity starting date:

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

“(ii) a lump sum payment that—

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

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

“(iii) an amount which is in the nature of a dividend or similar distribution, provided that the issuer of the contract determines such amount based on a reasonable comparison of the actuarial factors assumed when calculating the initial annuity payments and the issuer’s experience with respect to those factors, or

“(iv) a final payment upon death that does not exceed the excess of the total amount of the consideration paid for the annuity payments, less the aggregate
amount of prior distributions or payments
from or under the contract.”.

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

SEC. 204. ELIMINATING A PENALTY ON PARTIAL
ANNUITIZATION.

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

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

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

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

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

(1) all applicable laws shall be applied in all respects as though the actions which the Secretary of the Treasury (or the Secretary’s delegate) is required to take under such subsections had been taken, and

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

**SEC. 205. REDUCTION IN EXCISE TAX ON CERTAIN ACCUMULATIONS IN QUALIFIED RETIREMENT PLANS.**

(a) **In General.**—Section 4974(a) is amended by striking “50 percent” and inserting “25 percent”.

(b) **Reduction in Excise Tax on Failures to Take Required Minimum Distributions.**—Section 4974 is amended by adding at the end the following new subsection:

“(e) **Reduction of Tax in Certain Cases.**—

“(1) **Reduction.**—In the case of a taxpayer who—
“(A) receives a distribution, during the correction window, of the amount which resulted in imposition of a tax under subsection (a) from the same plan to which such tax relates, and

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

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

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

“(A) the date of mailing a notice of deficiency with respect to the tax imposed by subsection (a) under section 6212,

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

“(C) the last day of the second taxable year that begins after the end of the taxable year in which the tax under subsection (a) is imposed.”.
(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 206. CLARIFICATION OF SUBSTANTIALLY EQUAL PERIODIC PAYMENT RULE.

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

“(C) Rollovers to subsequent plan.—If—

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

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

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

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

(b) Nonqualified Annuity Contracts.—Para-
graph (3) of section 72(q) is amended—

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

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

(3) by striking “PAYMENTS.—If” and inserting
“PAYMENTS.—
“(A) In general.—If—”; and

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

“(B) Exchanges to subsequent con-
tracts.—If—
“(i) payments described in paragraph
(2)(D) are being made from an annuity
contract,
“(ii) an exchange of all or a portion of
such contract for another contract is made
under section 1035, and
“(iii) the aggregate distributions from the contracts involved in the exchange continue to satisfy the requirements of paragraph (2)(D) as if the exchange had not taken place, such exchange shall not be treated as a modification under subparagraph (A)(ii), and compliance with paragraph (2)(D) shall be determined on the basis of the combined distributions described in clause (iii).”.

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

“(g) Special Rule for Reporting Certain Additional Taxes.—No penalty shall be imposed under section 6721 or 6722 if—

“(1) a person makes a return or report under section 6047(d) or 408(i) with respect to any distribution,

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

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

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

(d) Safe Harbor for Annuity Payments.—

(1) Qualified retirement plans.—Subparagraph (A) of section 72(t)(2) is amended by adding at the end the following flush sentence:

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

(2) Other annuity contracts.—Paragraph (2) of section 72(q) is amended by adding at the end the following flush sentence:

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

(c) Effective Dates.—

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

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

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

SEC. 207. RECOVERY OF RETIREMENT PLAN OVERPAY-
MENTS.

(a) Qualification Requirements.—Section 414 is
amended by adding at the end the following new sub-
section:

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

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

“(B) the plan sponsor amends the plan to increase past or future benefit payments to affected participants and beneficiaries in order to adjust for prior inadvertent benefit overpayments.

“(2) REDUCTION IN FUTURE BENEFIT PAYMENTS AND RECOVERY FROM RESPONSIBLE PARTY.—Paragraph (1) shall not fail to apply to a plan merely because, after discovering a benefit overpayment, such plan—

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

“(B) seeks recovery from the person or persons responsible for such overpayment.
“(3) Employer funding obligations.—

Nothing in this subsection shall relieve an employer of any obligation imposed on it to make contributions to a plan to satisfy the minimum funding standards under sections 412 and 430 or to prevent or restore an impermissible forfeiture in accordance with section 411.

“(4) Observance of benefit limitations.—

Notwithstanding paragraph (1), a plan to which paragraph (1) applies shall observe any limitations imposed on it by section 401(a)(17) or 415. The plan may enforce such limitations using any method approved by the Secretary for recouping benefits previously paid or allocations previously made in excess of such limitations.

“(5) Coordination with other qualification requirements.—The Secretary may issue regulations or other guidance of general applicability specifying how benefit overpayments and their recoupment or non-recoupment from a participant or beneficiary shall be taken into account for purposes of satisfying any requirement applicable to a plan to which paragraph (1) applies.”.

(b) Rollovers.—Section 402(c) is amended by adding at the end the following new paragraph:
“(12) In the case of an inadvertent benefit overpayment from a plan to which section 414(aa)(1) applies which is transferred to an eligible retirement plan by or on behalf of a participant or beneficiary—

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

“(B) the portion of such overpayment with respect to which recoupment is sought on behalf of the plan shall be permitted to be returned to such plan and in such case shall be treated as an eligible rollover distribution transferred to such plan by the participant or beneficiary who received such overpayment (and the plans making and receiving such transfer shall be treated as permitting such transfer).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.
(d) Certain Actions Before Effective Date.—

Plans, fiduciaries, employers, and plan sponsors are entitled to rely on a reasonable good faith interpretation of then existing administrative guidance for inadvertent benefit overpayment recoupments and recoveries that commenced before the first day of the first plan year beginning after the date of the enactment of this Act.

SEC. 208. Retirement Savings Lost and Found.

(a) Retirement Savings Lost and Found.—

(1) Establishment.—

(A) In general.—Not later than 3 years after the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Secretary of Labor, the Secretary of Commerce, and the Director of the Pension Benefit Guaranty Corporation, shall establish an online searchable database (to be managed by the Secretary of the Treasury in accordance with section 7901 of the Internal Revenue Code of 1986) to be known as the “Retirement Savings Lost and Found”. The Retirement Savings Lost and Found shall—

(i) allow an individual to search for information that enables the individual to locate the plan administrator of any plans
with respect to which the individual is or was a participant or beneficiary, and to provide contact information for the plan administrator of any plan described in subparagraph (B);

(ii) allow the Secretary of the Treasury to assist such an individual in locating any plan of the individual; and

(iii) allow the Secretary of the Treasury to make any necessary changes to contact information on record for the plan administrator based on any changes to the plan due to merger or consolidation of the plan with any other plan, division of the plan into two or more plans, bankruptcy, termination, change in name of the plan, change in name or address of the plan administrator, or other causes.

The Retirement Savings Lost and Found established under this paragraph shall include information reported under section 7901 of such Code and other relevant information obtained by the Secretary of the Treasury.

(B) PLANS DESCRIBED.—A plan described in this subparagraph is a plan to which the
vesting standards of section 411 of the Internal
Revenue Code of 1986 apply.

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

(3) SAFEGUARDING PARTICIPANT PRIVACY AND
SECURITY.—

(A) IN GENERAL.—In establishing the Re-
tirement Savings Lost and Found under para-
graph (1), the Secretary of the Treasury, in
consultation with the Secretary of Labor, the
Secretary of Commerce, and the Director of the
Pension Benefit Guaranty Corporation, shall
take all necessary and proper precautions to en-
sure that individuals’ plan information main-
tained by the Retirement Savings Lost and
Found is protected and that persons other than
the individual cannot fraudulently claim the
benefits to which any individual is entitled, and
to allow any individual to opt out of inclusion in the Retirement Savings Lost and Found at the election of the individual.

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

(i) authorize disclosure to the agencies jointly administering the Retirement Savings Lost and Found of such return information as is necessary to administer the Retirement Savings Lost and Found database, but only to such employees whose official duties with respect to the database require such disclosure, and

(ii) authorize disclosure to plan participants and beneficiaries of the contact information for the plan administrator of any plan with respect to which such individuals are or were a participant or beneficiary.

(4) SECRETARY.—Any reference in this subsection to the Secretary of the Treasury includes such Secretary’s delegate.

(b) OFFICE OF THE RETIREMENT SAVINGS LOST AND FOUND.—
(1) IN GENERAL.—Subtitle F is amended by adding at the end the following new chapter:

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

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

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

“(a) ESTABLISHMENT; RESPONSIBILITIES OF OFFICE.—

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

“(2) RESPONSIBILITIES OF OFFICE.—The Office shall—

“(A) carry out subsection (b),

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

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

“(b) Certain Non-Responsive Participants Entitled to Small Benefits.—

“(1) General rule.—

“(A) Transfer to the Office of the Retirement Savings Lost and Found.—The administrator of a plan which is not terminated and to which section 401(a)(31)(B) applies shall transfer to the Office the amount required to be transferred under section 401(a)(31)(B)(iv) for a non-responsive participant.

“(B) Information and Payment to the Office.—Upon making a transfer under subparagraph (A), the plan administrator shall provide such information and certifications as the Office shall specify, including with respect to the transferred amount and the non-responsive participant.

“(C) Information Requirements After Transfer.—In the event that, after a transfer is made under subparagraph (A), the relevant non-responsive participant contacts the plan administrator or the plan administrator discovers
information that may assist the Office in locating the non-responsive participant, the plan administrator shall notify and provide such information as the Office shall specify to the Office.

“(D) Search and payment by the Office following transfer.—The Office shall periodically, and upon receiving information described in subparagraph (C), conduct a search for the non-responsive participant for whom the Office has received a transfer under subparagraph (A). Upon location of a non-responsive participant who claims benefits, the Office shall make a single payment to the non-responsive participant in an amount equal to the sum of—

“(i) the amount transferred to the Office under subparagraph (A) for such participant, and

“(ii) any earnings on the amount described in clause (i)

“(2) Definition.—For purposes of this subsection, the term ‘non-responsive participant’ means a participant or beneficiary of a plan described in paragraph (1)(A)—
“(A) who is entitled to a benefit subject to
a mandatory transfer under section
401(a)(31)(B)(iii), and
“(B) for whom the plan has satisfied the
conditions in section 401(a)(31)(B)(iv).
“(3) Regulatory Authority.—The Secretary
shall prescribe such regulations as are necessary to
carry out the purposes of this section, including
rules relating to the amount payable to the Office
and the amount to be paid by the Office.
“(c) Information Collection.—Within such pe-
period after the end of a plan year as the Secretary may
by regulations prescribe, the administrator of a plan to
which the vesting standards of section 411 apply shall sub-
mit to the Office in such form as the Secretary may re-
quire—
“(1) the information described in paragraphs
(1) through (4) of section 6057(b),
“(2) the information described in subpara-
graphs (A), (B), (E), and (F) of section 6057(a)(2),
and
“(3) such other information as the Secretary
may require.
“(d) Effective Date.—The requirements of sub-
sections (b) and (c) shall apply with respect to plan years
beginning after the second December 31 occurring after
the date of the enactment of this section.

“(e) Establishment of Fund.—

“(1) In general.—A fund shall be established
within the Treasury for the payment of benefits
under subsection (b)(1)(D). Such fund shall be cred-
ited with the appropriate—

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

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

“(2) Investment of funds.—Whenever the
Secretary determines that the moneys of any fund
are in excess of current needs, the Secretary may in-
vest such amounts as the Secretary determines ad-
visable in obligations issued or guaranteed by the
United States.”.

(2) Conforming Amendment.—The table of
chapters for subtitle F is amended by adding at the
end the following new item:

“Chapter 81—Office of the Retirement Savings Lost and Found”.

(c) Mandatory Transfers of Rollover Dis-
tributions.—
(1) Cap.—Sections 401(a)(31)(B)(ii) and 411(a)(11)(A) are each amended by striking "$5,000" and inserting "$6,000".

(2) Distribution of larger amounts to individual retirement plans only.—Section 401(a)(31)(B)(i) is amended by adding at the end the following: “The Retirement Savings Lost and Found established by section 208 of the Enhancing American Retirement Now Act shall not be treated as a trustee or issuer which is eligible to receive such distributions.”

(3) Lesser amounts.—Section 401(a)(31)(B) is amended by adding at the end the following new clauses:

“(iii) Treatment of lesser amounts.—In the case of a trust which is part of an eligible plan, such trust shall not be a qualified trust under this section unless such plan provides that, if a participant in the plan separates from the service covered by the plan and the nonforfeitable accrued benefit described in clause (ii) is not in excess of $1,000, the plan administrator shall (either separately or as part of the notice under section 402(f)) notify the
Participant that the participant is entitled
to such benefit or attempt to pay the ben-
efit directly to the participant.

“(iv) Transfers to retirement

Savings lost and found.—If, after a
plan administrator takes the action re-
quired under clause (iii), the participant
does not—

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

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

“(v) Income tax treatment of

Transfers to retirement savings
Lost and found.—For purposes of deter-
mining the income tax treatment of trans-
fers to the Office of the Retirement Savings Lost and Found under clause (iv)—

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

“(II) the distribution of such amounts by the Office of the Retirement Savings Lost and Found shall be treated as a distribution from an individual retirement plan.”.

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

(d) BETTER REPORTING FOR MANDATORY TRANSFERS.—

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

(A) in subparagraph (C)—

(i) by striking “during such plan year” in clause (i) and inserting “during the plan year immediately preceding such plan year”;
(ii) by adding “and” at the end of clause (i); and

(iii) by striking clause (iii);

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

(C) by striking “and” at the end of subparagraph (D); and

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

“(E) the name and taxpayer identifying number of each participant or former participant in the plan—

“(i) who, during the current plan year or any previous plan year, was reported under subparagraph (C), and with respect to whom the benefits described in subparagraph (C)(ii) were fully paid during the plan year,

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

“(iii) with respect to whom a deferred annuity contract was distributed during the plan year,
“(F) in the case of a participant or former participant to whom subparagraph (E) applies—

“(i) in the case of a participant described in clause (ii) thereof, the name and address of the designated trustee or issuer described in section 401(a)(31)(B)(i) and the account number of the individual retirement plan to which the amount was distributed, and

“(ii) in the case of a participant described in clause (iii) thereof, the name and address of the issuer of such annuity contract and the contract or certificate number, and”.

(2) Rules relating to direct trustee-to-trustee transfers.—

(A) In general.—Paragraph (6) of section 402(e) is amended—

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

“(A) In general.—Any”; and

(ii) by adding at the end the following new subparagraph:
“(B) Notification of Trustee.—In the case of a distribution under section 401(a)(31)(B), the plan administrator shall notify the designated trustee or issuer described in clause (i) thereof that the transfer is a mandatory distribution required by such section.”.

(B) Penalty.—Subsection (i) of section 6652 is amended—

(i) by striking “TO RECIPIENTS” in the heading and inserting “OR NOTIFICATION”;

(ii) by striking “402(f),” and inserting “402(f) or a notification as required by section 402(c)(6)(B),”; and

(iii) by striking “such written explanation” and inserting “such written explanation or notification”.

(C) Reports.—Subsection (i) of section 408 is amended—

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

(ii) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), re-
spectively, and by moving such subpara-
graphs 2 ems to the right; and

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

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

(iv) by striking “REPORTS.—The
trustee of” and inserting “REPORTS.—
“(1) IN GENERAL.—The trustee of”;

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

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

“(2) MANDATORY DISTRIBUTIONS.—In the case
of an account, contract, or annuity to which a trans-
fer under section 401(a)(31)(B) is made (including
a transfer from the individual retirement plan to
which the original transfer under such section was
made to another individual retirement plan), the report required by this subsection for the year of the transfer and any year in which the information previously reported in subparagraph (B) changes shall—

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

“(B) include the name, address, and taxpayer identifying number of the trustee or issuer of the individual retirement plan to which the amount is transferred.”.

(3) Notification of Participants Upon Separation.—Subsection (e) of section 6057 is amended by inserting “, and, with respect to any benefit of the individual subject to section 401(a)(31)(B), a notice of availability of, and the contact information for, the Retirement Savings Lost and Found established under section 208(a) of the Enhancing American Retirement Now Act” before the period at the end of the second sentence.

(4) Effective Date.—The amendments made by this subsection shall apply to distributions made in, and returns and reports relating to, years beginning after the second December 31 occurring after the date of the enactment of this Act.
(c) Requirement of Electronic Filing.—

(1) In General.—Paragraph (2) of section 6011(e) is amended—

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

(B) by striking “REGULATIONS.—In prescribing” and inserting “REGULATIONS.—

“(A) In General.—In prescribing”; and

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

“(C) Exceptions.—Notwithstanding subparagraph (A), the Secretary shall require returns or reports required under—

“(i) sections 6057, 6058, and 6059,

and

“(ii) sections 408(i), 6041, and 6047 to the extent such return or report relates to the tax treatment of a distribution from a plan, account, contract, or annuity, to be filed on magnetic media, but only with respect to persons who are required to file at least 50 returns during the calendar year which includes the first day of the plan year to which such returns or reports relate.”.
(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to returns and reports relating to years beginning after the second December 31 occurring after the date of the enactment of this Act.

SEC. 209. ROTH PLAN DISTRIBUTION RULES.

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

“(5) MANDATORY DISTRIBUTION RULES NOT TO APPLY BEFORE DEATH.—Notwithstanding sections 403(b)(10) and 457(d)(2), the following provisions shall not apply to any designated Roth account:

“(A) Section 401(a)(9)(A).

“(B) The incidental death benefit requirements of section 401(a).”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to taxable years beginning after December 31, 2023.

(2) SPECIAL RULE.—The amendment made by this section shall not apply to distributions which are required with respect to years beginning before Jan-
uary 1, 2024, but are permitted to be paid on or after such date.

SEC. 210. ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY; INCREASE IN QUALIFIED CHARITABLE DISTRIBUTION LIMITATION.

(a) One-Time Election for Qualified Charitable Distribution to Split-Interest Entity.—Section 408(d)(8) is amended by adding at the end the following new subparagraph:

“(F) One-time election for qualified charitable distribution to split-interest entity.—

“(i) In general.—A taxpayer may for a taxable year elect under this subparagraph to treat as meeting the requirement of subparagraph (B)(i) any distribution from an individual retirement account which is made directly by the trustee to a split-interest entity, but only if—

“(I) an election is not in effect under this subparagraph for a preceding taxable year,

“(II) the aggregate amount of distributions of the taxpayer with re-
spect to which an election under this subparagraph is made does not exceed $50,000, and

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

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

“(I) a charitable remainder annuity trust (as defined in section 664(d)(1)), but only if such trust is funded exclusively by qualified charitable distributions,

“(II) a charitable remainder unitrust (as defined in section 664(d)(2)), but only if such unitrust is funded exclusively by qualified charitable distributions, or

“(III) a charitable gift annuity (as defined in section 501(m)(5)), but only if such annuity is funded exclusively by qualified charitable distributions and commences fixed payments of 5 percent or greater not later than 1 year from the date of funding.
“(iii) Contributions must be otherwise deductible.—A distribution meets the requirements of this clause only if—

“(I) in the case of a distribution to a charitable remainder annuity trust or a charitable remainder unitrust, a deduction for the entire value of the remainder interest in the distribution for the benefit of a specified charitable organization would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph), and

“(II) in the case of a charitable gift annuity, a deduction in an amount equal to the amount of the distribution reduced by the value of the annuity described in section 501(m)(5)(B) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).
“(iv) LIMITATION ON INCOME INTERESTS.—A distribution meets the requirements of this clause only if—

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

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

“(v) SPECIAL RULES.—

“(I) Charitable remainder trusts.—Notwithstanding section 664(b), distributions made from a trust described in subclause (I) or (II) of clause (ii) shall be treated as ordinary income in the hands of the beneficiary to whom the annuity described in section 664(d)(1)(A) or the payment described in section 664(d)(2)(A) is paid.

“(II) Charitable gift annuities.—Qualified charitable distributions made to fund a charitable gift
annuity shall not be treated as an investment in the contract for purposes of section 72(c).”.

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

“(G) INFLATION ADJUSTMENT.—

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

“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2022’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

“(ii) ROUNDING.—If any dollar amount increased under clause (i) is not a multiple of $1,000, such dollar amount
shall be rounded to the nearest multiple of
$1,000.”.

(c) **Effective Date.**—The amendment made by
this section shall apply to distributions made in taxable
years beginning after the date of the enactment of this
Act.

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

(a) **In General.**—Section 72(t)(2), as amended by
this Act, is further amended by adding at the end the fol-
lowing new subparagraph:

“(K) **Terminal Illness.**—

“(i) **In General.**—Distributions
which are made to the employee who is a
terminally ill individual on or after the
date on which such employee has been cer-
tified by a physician as having a terminal
illness.

“(ii) **Definition.**—For purposes of
this subparagraph, the term ‘terminally ill
individual’ has the same meaning given
such term under section 101(g)(4)(A), ex-
cept that ‘84 months’ shall be substituted
for ‘24 months’.
“(iii) DOCUMENTATION.—For purposes of this subparagraph, an employee shall not be considered to be a terminally ill individual unless such employee furnishes sufficient evidence to the plan administrator in such form and manner as the Secretary may require.”.

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

SEC. 212. SURVIVING SPOUSE ELECTION TO BE TREATED AS EMPLOYEE.

(a) IN GENERAL.—Section 401(a)(9)(B)(iv), as amended by this Act, is further amended to read as follows:

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

“(I) the regulations referred to in clause (iii)(II) shall treat the surviving spouse as if the surviving spouse were the employee,
“(II) the date on which the distributions are required to begin under clause (iii)(III) shall not be earlier than the date on which the employee would have attained the applicable age, and

“(III) if the surviving spouse dies before the distributions to such spouse begin, this subparagraph shall be applied as if the surviving spouse is the employee.

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

(b) EXTENSION OF ELECTION OF AT LEAST AS RAPIDLY RULE.—The Secretary shall amend Q&A–5(a) of Treasury Regulation section 1.401(a)(9)-5 (or any successor regulation thereto) to provide that if the surviving spouse is the employee’s sole designated beneficiary and the spouse elects treatment under section 401(a)(9)(B)(iv), then the applicable distribution period for distribution calendar years after the distribution cal-
end year including the employee’s date of death is determined under the uniform lifetime table.

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

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

(a) IN GENERAL.—Section 401(a) is amended by inserting after paragraph (38) the following new paragraph:

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

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

“(B) QUALIFIED LONG-TERM CARE DISTRIBUTION.—For purposes of this paragraph—

“(i) IN GENERAL.—The term ‘qualified long-term care distribution’ means so much of the distributions made during the taxable year as does not exceed, in the aggregate, the lesser of—

“(I) the amount paid by or assessed to the participant during the
taxable year for or with respect to certified long-term care insurance for the participant or the participant’s spouse (or other family member of the participant as provided by the Secretary by regulation), or

“(II) $2,500.

“(ii) ADJUSTMENT FOR INFLATION.—
In the case of taxable years beginning after December 31, 2024, the $2,500 amount in clause (i)(II) shall be increased by an amount equal to—

“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2023’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

If any increase under the preceding sentence is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.
“(C) CERTIFIED LONG-TERM CARE INSURANCE.—The term ‘certified long-term care insurance’ means—

“(i) a qualified long-term care insurance contract (as defined in section 7702B(b)) covering qualified long-term care services (as defined in section 7702B(c)),

“(ii) coverage of the risk that an insured individual would become a chronically ill individual (within the meaning of section 101(g)(4)(B)) under a rider or other provision of a life insurance contract which satisfies the requirements of section 101(g)(3) (determined without regard to subparagraph (D) thereof), or

“(iii) coverage of qualified long-term care services (as so defined) under a rider or other provision of an insurance or annuity contract which is treated as a separate contract under section 7702B(e) and satisfies the requirements of section 7702B(g), if such coverage provides meaningful financial assistance in the event the insured needs home-based or nursing home care. For purposes of
the preceding sentence, coverage shall not be deemed to provide meaningful financial assistance unless benefits are adjusted for inflation and consumer protections are provided, including protection in the event the coverage is terminated.

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

“(E) LONG-TERM CARE PREMIUM STATEMENT.—

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

“(ii) LONG-TERM CARE PREMIUM STATEMENT.—For purposes of this paragraph, a long-term care premium statement is a statement provided by the issuer of long-term care coverage, upon request by the owner of such coverage, which includes—
“(I) the name and taxpayer identification number of such issuer,

“(II) a statement that the coverage is certified long-term care insurance,

“(III) identification of the participant as the owner of such coverage,

“(IV) identification of the individual covered and such individual’s relationship to the participant,

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

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

“(iii) Filing with Secretary.—A long-term care premium statement will be accepted only if the issuer has completed a disclosure to the Secretary for the specific coverage product to which the statement relates. Such disclosure shall identify the issuer, type of coverage, and such other information as the Secretary may require which is included in the filing of the product with the applicable State authority.”.

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

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

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

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

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

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

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

“(v) as provided in section 401(a)(39),”.
(c) Exemption From Additional Tax on Early Distributions.—Section 72(t)(2), as amended by this Act, is further amended by adding at the end the following new subparagraph:

“(L) Qualified long-term care distributions.—

“(i) In general.—Any qualified long-term care distribution which meets the requirements of section 401(a)(39).

“(ii) Exception.—If the individual covered by the long-term care coverage to which such distribution relates is the spouse of the participant in the plan, clause (i) shall apply only if the participant and the participant’s spouse file a joint return.

“(iii) Exemption of distributions from trustee to trustee transfer and withholding rules.—For purposes of sections 401(a)(31), 402(f), and 3405, a qualified long-term care distribution shall not be treated as an eligible rollover distribution.”.

(d) Reporting.—
(1) In general.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new section:

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

"(a) Requirement of reporting.—Any issuer of certified long-term care insurance (as defined in section 401(a)(39)(C)) who provides a long-term care premium statement to any purchaser pursuant to section 401(a)(39)(E) for a calendar year, shall make a return not later than February 1 of the succeeding calendar year, according to forms or regulations prescribed by the Secretary, setting forth with respect to each such purchaser—

"(1) the name and taxpayer identification number of such issuer,

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

"(3) the name of the owner of such coverage,

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

"(5) the premiums paid for the coverage for the calendar year, and

"(6) such other information as the Secretary may require."
“(b) Statement to Be Furnished to Persons With Respect to Whom Information Is Required.—
Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

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

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

The written statement required under the preceding sentence shall be furnished to the individual or individuals on or before January 31 of the year following the calendar year for which the return required under subsection (a) was required to be made.

“(c) Contracts or Coverage Covering More Than One Insured.—In the case of contracts or coverage covering more than one insured, the return and statement required by subsections (a) and (b) shall identify only the portion of the premium that is properly allocable to the insured in respect of whom the return or statement is made.
“(d) Statement to Be Furnished on Request.—If any individual to whom a return is required to be furnished under subsection (b) requests that such a return be furnished at any time before the close of the calendar year, the person required to make the return under subsection (b) shall comply with such request and shall furnish to the Secretary at such time a copy of the return so provided.”

(2) Penalties.—Section 6724(d) is amended—

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

“(xxviii) section 6050Z (relating to reports relating to long-term care premium statements), and”, and

(B) in paragraph (2)—

(i) by redesignating subparagraph (JJ), relating to section 6050Y, as subparagraph (KK) and moving such subparagraph to the position immediately after subparagraph (JJ), relating to section 6226(a)(2),

(ii) by striking “or” at the end of subparagraph (II),
(iii) by striking the period at the end of subparagraph (JJ), relating to section 6226(a)(2), and inserting a comma,

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

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

“(LL) section 6050Z (relating to reports relating to long-term care premium statements).”.

(3) Clerical Amendment.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding after the item relating to section 6050Y the following new item:

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

(e) Effective Date.—The amendments made by this section shall apply to distributions made after the date which is 3 years after the date of the enactment of this Act.

(f) Disclosure to Treasury of Long-term Care Insurance Products.—The Secretary of the Treasury (or the Secretary’s delegate) shall issue such forms and guidance as are necessary to collect the filing required by
section 401(a)(39)(E)(iii) of the Internal Revenue Code of 1986, as added by this section.

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

TITLE III—PUBLIC SAFETY OFFICERS AND MILITARY

SEC. 301. MILITARY SPOUSE RETIREMENT PLAN ELIGIBILITY CREDIT FOR SMALL EMPLOYERS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:
“SEC. 45U. MILITARY SPOUSE RETIREMENT PLAN ELIGIBILITY CREDIT FOR SMALL EMPLOYERS.”

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

“(1) $200 with respect to each military spouse who is an employee of such employer and who is eligible to participate in an eligible defined contribution plan of such employer at any time during such taxable year, plus

“(2) so much of the contributions made by such employer to all such plans with respect to such employee during such taxable year as do not exceed $300.

“(b) LIMITATION.—An individual shall only be taken into account as a military spouse under subsection (a) for the taxable year which includes the date on which such individual began participating in the eligible defined contribution plan of the employer and the 2 succeeding taxable years.

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

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

“(2) EXCLUSION OF HIGHLY COMPENSATED EMPLOYEES.—With respect to any employer, the term ‘military spouse’ shall not include any individual if such individual is a highly compensated employee of such employer (within the meaning of section 414(q)).

“(e) ELIGIBLE DEFINED CONTRIBUTION PLAN.—For purposes of this section, the term ‘eligible defined contribution plan’ means, with respect to any eligible small employer, any defined contribution plan (as defined in sec-
tion 414(i)) of such employer if, under the terms of such plan—

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

“(2) military spouses who are eligible to participate in such plan—

“(A) are immediately eligible to receive an amount of employer contributions under such plan which is not less the amount of such contributions that a similarly situated participant who is not a military spouse would be eligible to receive under such plan after 2 years of service, and

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

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

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended by striking
“plus” at the end of paragraph (32), by striking the period
at the end of paragraph (33) and inserting “, plus”, and
by adding at the end the following new paragraph:

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

(c) SPECIFIED CREDIT FOR PURPOSES OF CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—

Section 3511(d)(2) is amended by redesignating subpar-
graphs (F), (G), and (H) as subparagraphs (G), (H), and
(I), respectively, and by inserting after subparagraph (E)
the following new subparagraph:

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

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

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

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

SEC. 302. DISTRIBUTIONS TO FIREFIGHTERS.

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

(b) **CONFORMING AMENDMENT.**—The heading of paragraph (10) of section 72(t) is amended by striking “IN GOVERNMENTAL PLANS” and inserting “AND PRIVATE SECTOR FIREFIGHTERS”.

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

**SEC. 303. EXCLUSION OF CERTAIN DISABILITY-RELATED FIRST RESPONDER RETIREMENT PAYMENTS.**

(a) **IN GENERAL.**—Part III of subchapter B of chapter 1 is amended by inserting after section 139B the following new section:

“**SEC. 139C. CERTAIN DISABILITY-RELATED FIRST RESPONDER RETIREMENT PAYMENTS.**

“(a) **IN GENERAL.**—In the case of an individual who receives qualified first responder retirement payments for any taxable year, gross income shall not include so much of such payments as do not exceed the annualized excludable disability amount with respect to such individual.

“(b) **QUALIFIED FIRST RESPONDER RETIREMENT PAYMENTS.**—For purposes of this section, the term ‘qualified first responder retirement payments’ means, with re-
spect to any taxable year, any pension or annuity which
but for this section would be includible in gross income
for such taxable year and which is received—

“(1) from a plan described in clause (iii), (iv),
(v), or (vi) of section 402(c)(8)(B), and

“(2) in connection with such individual’s quali-

fied first responder service.

“(c) Annualized Excludable Disability

Amount.—For purposes of this section—

“(1) In general.—The term ‘annualized ex-
cludable disability amount’ means, with respect to
any individual, the service-connected excludable dis-
ability amounts which are properly attributable to
the 12-month period immediately preceding the date
on which such individual attains retirement age.

“(2) Service-connected Excludable Dis-
ability Amount.—The term ‘service-connected ex-
cludable disability amount’ means periodic payments
received by an individual which—

“(A) are not includible in such individual’s
gross income under section 104(a)(1),

“(B) are received in connection with such
individual’s qualified first responder service,
“(C) terminate when such individual attains retirement age.

“(3) **Special rule for partial-year payments.**—In the case of an individual who only receives service-connected excludable disability amounts properly attributable to a portion of the 12-month period described in paragraph (1), such paragraph shall be applied by multiplying such amounts by the ratio of 365 to the number of days in such period to which such amounts were properly attributable.

“(d) **Qualified first responder service.**—For purposes of this section, the term ‘qualified first responder service’ means service as a law enforcement officer, firefighter, paramedic, or emergency medical technician.”.

(b) **Clerical Amendment.**—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 139B the following new item:

“Sec. 139C. Certain disability-related first responder retirement payments.”.

(c) **Effective date.**—The amendments made by this section shall apply to amounts received with respect to taxable years beginning after the date of the enactment of this Act.
SEC. 304. REPEAL OF DIRECT PAYMENT REQUIREMENT ON EXCLUSION FROM GROSS INCOME OF DISTRIBUTIONS FROM GOVERNMENTAL PLANS FOR HEALTH AND LONG-TERM CARE INSURANCE.

(a) IN GENERAL.—Section 402(l)(5)(A) is amended to read as follows:

“(A) DIRECT PAYMENT TO INSURER PERMITTED.—

“(i) IN GENERAL.—Paragraph (1) shall apply to a distribution without regard to whether payment of the premiums is made directly to the provider of the accident or health plan or qualified long-term care insurance contract by deduction from a distribution from the eligible retirement plan, or is made to the employee.

“(ii) REPORTING.—In the case of a payment made to the employee as described in clause (i), the employee shall include with the return of tax for the taxable year in which the distribution is made an attestation that the distribution does not exceed the amount paid by the employee for qualified health insurance premiums for such taxable year.”.
(b) **Effective Date.**—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

SEC. 305. **MODIFICATION OF ELIGIBLE AGE FOR EXEMPTION FROM EARLY WITHDRAWAL PENALTY.**

(a) **In General.**—Subparagraph (A) of section 72(t)(10), as amended by this Act, is further amended by striking “age 50” and inserting “age 50 or 25 years of service under the plan, whichever is earlier”.

(b) **Effective Date.**—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.

SEC. 306. **EXEMPTION FROM EARLY WITHDRAWAL PENALTY FOR CERTAIN STATE AND LOCAL GOVERNMENT CORRECTIONS EMPLOYEES.**

(a) **In General.**—Clause (i) of section 72(t)(10)(B) is amended by striking “or emergency medical services” and inserting “emergency medical services, or services as a corrections officer or as a forensic security employee providing for the care, custody, and control of forensic patients”.

(b) **Effective Date.**—The amendment made by this section shall apply to distributions made after the date of the enactment of this Act.
TITLE IV—NONPROFITS AND EDUCATORS

SEC. 401. ENHANCEMENT OF 403(b) PLANS.

(a) Permitted Investments.—Subparagraph (A) of section 403(b)(7) is amended by striking “if the amounts are to be invested in regulated investment company stock to be held in that custodial account” and inserting “if the amounts are to be held in that custodial account and are invested in regulated investment company stock or a group trust intended to satisfy the requirements of Internal Revenue Service Revenue Ruling 81–100 (or any successor guidance)”.

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

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

SEC. 402. HARDSHIP WITHDRAWAL RULES FOR 403(b) PLANS.

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

“(15) Special rules relating to hardship withdrawals.—For purposes of paragraphs (7) and (11)—
“(A) Amounts which may be withdrawn.—The following amounts may be distributed upon hardship of the employee:

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

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

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

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

“(B) No Requirement to Take Available Loan.—A distribution shall not be treated as failing to be made upon the hardship of an employee solely because the employee does not take any available loan under the plan.”.

(b) Conforming Amendments.—

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

(2) Paragraph (11) of section 403(b), as amended by this Act, is further amended—
(A) by striking “in” in subparagraph (B) and inserting “subject to the provisions of paragraph (15), in”; and

(B) by striking the last sentence.

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

SEC. 403. MULTIPLE EMPLOYER 403(b) PLANS.

(a) IN GENERAL.—Section 403(b), as amended by this Act, is further amended by adding at the end the following new paragraph:

“(16) MULTIPLE EMPLOYER PLANS.—

“(A) IN GENERAL.—Except in the case of a church plan, this subsection shall not be treated as failing to apply to an annuity contract solely by reason of such contract being purchased under a plan maintained by more than 1 employer.

“(B) TREATMENT OF EMPLOYERS FAILING TO MEET REQUIREMENTS OF PLAN.—

“(i) IN GENERAL.—In the case of a plan maintained by more than 1 employer, this subsection shall not be treated as failing to apply to an annuity contract held under such plan merely because of one or
more employers failing to meet the requirements of this subsection if such plan satisfies rules similar to the rules of section 413(e)(2) with respect to any such employer failure.

“(ii) ADDITIONAL REQUIREMENTS IN CASE OF NON-GOVERNMENTAL PLANS.—A plan shall not be treated as meeting the requirements of this subparagraph unless the plan satisfies rules similar to the rules of subparagraph (A) or (B) of section 413(c)(1), except in the case of a multiple employer plan maintained solely by any of the following: A State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing.”.

(b) ANNUAL REGISTRATION FOR 403(b) MULTIPLE EMPLOYER PLAN.—Section 6057 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

“(g) 403(b) MULTIPLE EMPLOYER PLANS TREATED AS ONE PLAN.—In the case of annuity contracts to which this section applies and to which section 403(b) applies by reason of the plan under which such contracts are pur-
chased meeting the requirements of paragraph (16) thereof, such plan shall be treated as a single plan for purposes of this section.”.

(c) **Annual Information Returns for 403(b) Multiple Employer Plan.**—Section 6058 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

“(f) **403(b) Multiple Employer Plans Treated as One Plan.**—In the case of annuity contracts to which this section applies and to which section 403(b) applies by reason of the plan under which such contracts are purchased meeting the requirements of paragraph (16) thereof, such plan shall be treated as a single plan for purposes of this section.”.

(d) **Regulations.**—The Secretary of the Treasury (or the Secretary’s delegate) shall prescribe such regulations as may be necessary to clarify, in the case of plans to which section 403(b)(16) of the Internal Revenue Code of 1986 applies, the treatment of an employer departing such plan in connection with such employer’s failure to meet multiple employer plan requirements.

(e) **Modification of Model Plan Language.**

ETC.—

(1) **Plan Notifications.**—The Secretary of the Treasury (or the Secretary’s delegate) shall mod-
ify the model plan language published under section 413(e)(5) of the Internal Revenue Code of 1986 to include language which notifies participating employers described in section 501(c)(3), and which are exempt from tax under section 501(a), that the plan is subject to the Employee Retirement Income Security Act of 1974 and that such employer is a plan sponsor with respect to its employees participating in the multiple employer plan and, as such, has certain fiduciary duties with respect to the plan and to its employees.

(2) Model plans for multiple employer 403(b) non-governmental plans.—For plans to which section 403(b)(16)(A) of the Internal Revenue Code of 1986 applies (other than a plan maintained for its employees by a State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing) the Secretary of the Treasury (or the Secretary’s delegate) shall publish model plan language similar to model plan language published under section 413(e)(5) of such Code.

(3) Educational outreach to employers exempt from tax.—The Secretary of the Treasury (or the Secretary’s delegate) shall provide education and outreach to increase awareness to employers de-
scribed in section 501(c)(3), and which are exempt from tax under section 501(a), that multiple employer plans are subject to the Employee Retirement Income Security Act of 1974 and that such employer is a plan sponsor with respect to its employees participating in the multiple employer plan and, as such, has certain fiduciary duties with respect to the plan and to its employees.

(f) No Inference With Respect to Church Plans.—Regarding any application of section 403(b) of the Internal Revenue Code of 1986 to an annuity contract purchased under a church plan (as defined in section 414(e) of such Code) maintained by more than 1 employer, or to any application of rules similar to section 413(e) of such Code to such a plan, no inference shall be made from section 403(b)(16)(A) of such Code (as added by this Act) not applying to such plans.

(g) Effective Date.—

(1) In General.—The amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.

(2) Rule of Construction.—Nothing in the amendments made by subsection (a) shall be construed as limiting the authority of the Secretary of the Treasury or the Secretary’s delegate (determined

without regard to such amendment) to provide for
the proper treatment of a failure to meet any re-

quirement applicable under the Internal Revenue
Code of 1986 with respect to one employer (and its
employees) in the case of a plan to which section
403(b)(16) of such Code applies.

**TITLE V—DISASTER RELIEF**

**SEC. 501. SPECIAL RULES FOR USE OF RETIREMENT FUNDS
IN CONNECTION WITH QUALIFIED FEDERALLY DECLARED DISASTERS.**

(a) **Tax-Favored Withdrawals From Retirement Plans.**—

(1) *In general.*—Paragraph (2) of section
72(t), as amended by this Act, is further amended
by adding at the end the following new subpar-

graph:

“(M) **Distributions from retirement
plans in connection with federally de-
clared disasters.**—Any qualified disaster re-
covery distribution.”.

(2) **Qualified disaster recovery distribution.**—Section 72(t) is amended by adding at the
end the following new paragraph:

“(11) **Qualified disaster recovery dis-
tribution.**—For purposes of paragraph (2)(M)—
“(A) IN GENERAL.—Except as provided in subparagraph (B), the term ‘qualified disaster recovery distribution’ means any distribution made—

“(i) on or after the first day of the incident period of a qualified disaster and before the date that is 180 days after the applicable date with respect to such disaster, and

“(ii) to an individual whose principal place of abode at any time during the incident period of such qualified disaster is located in the qualified disaster area with respect to such qualified disaster and who has sustained an economic loss by reason of such qualified disaster.

“(B) AGGREGATE DOLLAR LIMITATION.—

“(i) IN GENERAL.—For purposes of this subsection, the aggregate amount of distributions received by an individual which may be treated as qualified disaster recovery distributions with respect to any qualified disaster in all taxable years shall not exceed $22,000.
“(ii) Treatment of plan distributions.—If a distribution to an individual would (without regard to clause (i)) be a qualified disaster recovery distribution, a plan shall not be treated as violating any requirement of this title merely because the plan treats such distribution as a qualified disaster recovery distribution, unless the aggregate amount of such distributions from all plans maintained by the employer (and any member of any controlled group which includes the employer) to such individual exceeds $22,000 with respect to the same qualified disaster.

“(iii) Controlled group.—For purposes of clause (ii), the term ‘controlled group’ means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414.

“(C) Amount distributed may be repaid.—

“(i) In general.—Any individual who receives a qualified disaster recovery distribution may, at any time during the 3-year period beginning on the day after the
date on which such distribution was received, make one or more contributions in an aggregate amount not to exceed the amount of such distribution to an eligible retirement plan of which such individual is a beneficiary and to which a rollover contribution of such distribution could be made under section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), as the case may be.

“(ii) Treatment of repayments of distributions from eligible retirement plans other than IRAs.—For purposes of this title, if a contribution is made pursuant to clause (i) with respect to a qualified disaster recovery distribution from a plan other than an individual retirement plan, then the taxpayer shall, to the extent of the amount of the contribution, be treated as having received the qualified disaster recovery distribution in an eligible rollover distribution (as defined in section 402(c)(4)) and as having transferred the amount to the eligible retire-
ment plan in a direct trustee to trustee transfer within 60 days of the distribution.

“(iii) Treatment of repayments for distributions from IRAs.—For purposes of this title, if a contribution is made pursuant to clause (i) with respect to a qualified disaster recovery distribution from an individual retirement plan, then, to the extent of the amount of the contribution, the qualified disaster recovery distribution shall be treated as a distribution described in section 408(d)(3) and as having been transferred to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution.

“(D) Income inclusion spread over 3-year period.—

“(i) In general.—In the case of any qualified disaster recovery distribution, unless the taxpayer elects not to have this subparagraph apply for any taxable year, any amount required to be included in gross income for such taxable year shall be so included ratably over the 3-taxable year period beginning with such taxable year.
“(ii) SPECIAL RULE.—For purposes of clause (i), rules similar to the rules of sub-
paragraph (E) of section 408A(d)(3) shall apply.

“(E) QUALIFIED DISASTER.—For purposes of this paragraph and paragraph (8), the term ‘qualified disaster’ means any disaster with re-
spect to which a major disaster has been de-
clared by the President under section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act after December 27, 2020.

“(F) OTHER DEFINITIONS.—For purposes of this paragraph and paragraph (8)—

“(i) QUALIFIED DISASTER AREA.—

“(I) IN GENERAL.—The term ‘qualified disaster area’ means, with respect to any qualified disaster, the area with respect to which the major disaster was declared under the Rob-
ert T. Stafford Disaster Relief and Emergency Assistance Act.

“(II) EXCEPTIONS.—Such term shall not include any area which is a qualified disaster area solely by reason
of section 301 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020.

“(ii) INCIDENT PERIOD.—The term ‘incident period’ means, with respect to any qualified disaster, the period specified by the Federal Emergency Management Agency as the period during which such disaster occurred.

“(iii) APPLICABLE DATE.—The term ‘applicable date’ means the latest of—

“(I) the date of the enactment of this paragraph,

“(II) the first day of the incident period with respect to the qualified disaster, or

“(III) the date of the disaster declaration with respect to the qualified disaster.

“(iv) ELIGIBLE RETIREMENT PLAN.—The term ‘eligible retirement plan’ shall have the meaning given such term by section 402(c)(8)(B).
“(i) Exemption of Distributions From Trustee to Trustee Transfer and Withholding Rules.—For purposes of sections 401(a)(31), 402(f), and 3405, qualified disaster recovery distributions shall not be treated as eligible rollover distributions.

“(ii) Qualified Disaster Recovery Distributions Treated as Meeting Plan Distribution Requirements.—For purposes of this title—

“(I) a qualified disaster recovery distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(i), 403(b)(11), and 457(d)(1)(A), and

“(II) in the case of a money purchase pension plan, a qualified disaster recovery distribution which is an in-service withdrawal shall be treated as meeting the requirements of section 401(a) applicable to distributions.”.

(3) Effective Date.—The amendments made by this subsection shall apply to distributions with respect to disasters the incident period (as defined
in section 72(t)(11)(F)(ii) of the Internal Revenue
Code of 1986, as added by this subsection) for which
begins on or after the date which is 30 days after
the date of the enactment of the Taxpayer Certainty
and Disaster Tax Relief Act of 2020.
(b) RECONTRIBUTIONS OF WITHDRAWALS FOR
HOME PURCHASES.—

(1) INDIVIDUAL RETIREMENT PLANS.—Para-
graph (8) of section 72(t) is amended by adding at
the end the following new subparagraph:

“(F) RECONTRIBUTIONS.—

“(i) GENERAL RULE.—

“(I) IN GENERAL.—Any indi-
vidual who received a qualified dis-
tribution may, during the applicable
period, make one or more contribu-
tions in an aggregate amount not to
exceed the amount of such qualified
distribution to an eligible retirement
plan (as defined in section
402(c)(8)(B)) of which such indi-
vidual is a beneficiary and to which a
rollover contribution of such distribu-
tion could be made under section
402(c), 403(a)(4), 403(b)(8), or 408(d)(3), as the case may be.

"(II) Treatment of repayments.—Rules similar to the rules of clauses (ii) and (iii) of paragraph (11)(C) shall apply for purposes of this subsection.

"(ii) Qualified distribution.—For purposes of this subparagraph, the term ‘qualified distribution’ means any distribution—

"(I) which is a qualified first-time homebuyer distribution,

"(II) which was to be used to purchase or construct a principal residence in a qualified disaster area, but which was not so used on account of the qualified disaster with respect to such area, and

"(III) which was received during the period beginning on the date which is 180 days before the first day of the incident period of such qualified disaster and ending on the date which
is 30 days after the last day of such incident period.

“(iii) APPLICABLE PERIOD.—For purposes of this subparagraph, the term ‘applicable period’ means, in the case of a principal residence in a qualified disaster area with respect to any qualified disaster, the period beginning on the first day of the incident period of such qualified disaster and ending on the date which is 180 days after the applicable date with respect to such disaster.”

(2) QUALIFIED PLANS.—Subsection (e) of section 402, as amended by this Act, is further amended by adding at the end the following new paragraph:

“(13) RECONTRIBUTIONS OF WITHDRAWALS FOR HOME PURCHASES.—

“(A) GENERAL RULE.—

“(i) IN GENERAL.—Any individual who received a qualified distribution may, during the applicable period, make one or more contributions in an aggregate amount not to exceed the amount of such qualified distribution to an eligible retirement plan...
(as defined in paragraph (8)(B)) of which
such individual is a beneficiary and to
which a rollover contribution of such dis-
tribution could be made under subsection
(c) or section 403(a)(4), 403(b)(8), or
408(d)(3), as the case may be.

“(ii) TREATMENT OF REPAYMENTS.—
Rules similar to the rules of clauses (ii)
and (iii) of section 72(t)(11)(C) shall apply
for purposes of this subsection.

“(B) QUALIFIED DISTRIBUTION.—For
purposes of this paragraph, the term ‘qualified
distribution’ means any distribution—

“(i) described in section
401(k)(2)(B)(i)(IV), 403(b)(7)(A)(i)(V), or
403(b)(11)(B),

“(ii) which was to be used to purchase
or construct a principal residence in a
qualified disaster area, but which was not
so used on account of the qualified disaster
with respect to such area, and

“(iii) which was received during the
period beginning on the date which is 180
days before the first day of the incident pe-
period of such qualified disaster and ending
on the date which is 30 days after the last
day of such incident period.

“(C) Definitions.—For purposes of this
paragraph—

“(i) the terms ‘qualified disaster’,
‘qualified disaster area’, and ‘incident pe-
riod’ have the meaning given such terms
under section 72(t)(11), and

“(ii) the term ‘applicable period’ has
the meaning given such term under section

72(t)(8)(F).’’.

(3) Effective Date.—The amendments made
by this subsection shall apply to recontributions of
withdrawals for home purchases with respect to dis-
asters the incident period (as defined in section
72(t)(11)(F)(ii) of the Internal Revenue Code of
1986, as added by this subsection) for which begins
on or after the date which is 30 days after the date
of the enactment of the Taxpayer Certainty and Dis-

(c) Loans From Qualified Plans.—

(1) In General.—Subsection (p) of section 72
is amended by adding at the end the following new
paragraph:
“(6) INCREASE IN LIMIT ON LOANS NOT TREATED AS DISTRIBUTIONS.—

“(A) IN GENERAL.—In the case of any loan from a qualified employer plan to a qualified individual made during the applicable period—

“(i) clause (i) of paragraph (2)(A) shall be applied by substituting ‘$100,000’ for ‘$50,000’, and

“(ii) clause (ii) of such paragraph shall be applied by substituting ‘the present value of the nonforfeitable accrued benefit of the employee under the plan’ for ‘one-half of the present value of the nonforfeitable accrued benefit of the employee under the plan’.

“(B) DELAY OF REPAYMENT.—In the case of a qualified individual with respect to any qualified disaster with an outstanding loan from a qualified employer plan on or after the applicable date with respect to the qualified disaster—

“(i) if the due date pursuant to subparagraph (B) or (C) of paragraph (2) for any repayment with respect to such loan
occurs during the period beginning on the first day of the incident period of such qualified disaster and ending on the date which is 180 days after the last day of such incident period, such due date may be delayed for 1 year,

“(ii) any subsequent repayments with respect to any such loan may be appropriately adjusted to reflect the delay in the due date under clause (i) and any interest accruing during such delay, and

“(iii) in determining the 5-year period and the term of a loan under subparagraph (B) or (C) of paragraph (2), the period described in clause (i) may be disregarded.

“(C) DEFINITIONS.—For purposes of this paragraph—

“(i) QUALIFIED INDIVIDUAL.—The term ‘qualified individual’ means any individual—

“(I) whose principal place of abode at any time during the incident period of any qualified disaster is located in the qualified disaster area
with respect to such qualified disaster, and

“(II) who has sustained an economic loss by reason of such qualified disaster.

“(ii) APPLICABLE PERIOD.—The applicable period with respect to any disaster is the period—

“(I) beginning on the applicable date with respect to such disaster, and

“(II) ending on the date that is 180 days after such applicable date.

“(iii) OTHER TERMS.—For purposes of this paragraph—

“(I) the terms ‘applicable date’, ‘qualified disaster’, ‘qualified disaster area’, and ‘incident period’ have the meaning given such terms under subsection (t)(11), and

“(II) the term ‘applicable period’ has the meaning given such term under subsection (t)(8).”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to plan loans made with respect to disasters the incident period (as de-
fined in section 72(t)(11)(F)(ii) of the Internal Revenue Code of 1986, as added by this subsection) for which begins on or after the date which is 30 days after the date of the enactment of the Taxpayer Certainty and Disaster Tax Relief Act of 2020.

(d) GAO REPORT.—The Comptroller General of the United States shall submit a report to the Committees on Finance and Health, Education, Labor and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives on taxpayer utilization of the retirement disaster relief permitted by the amendments made by this section and or permitted by prior legislation, including a comparison of utilization by higher and lower income taxpayers and whether the $22,000 threshold on distributions provides adequate relief for taxpayers who suffer from a disaster.

TITLE VI—EMPLOYER PLANS

SEC. 601. CREDIT FOR EMPLOYERS WITH RESPECT TO MODIFIED SAFE HARBOR REQUIREMENTS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1, as amended by this Act, is further amended by adding at the end the following new section:
“SEC. 45V. CREDIT FOR SMALL EMPLOYERS WITH RESPECT TO MODIFIED SAFE HARBOR REQUIREMENTS FOR AUTOMATIC CONTRIBUTION ARRANGEMENTS.

“(a) General Rule.—For purposes of section 38, in the case of a small employer, the safe harbor adoption credit determined under this section for any taxable year is the amount equal to the total of the employer’s matching contributions under section 401(k)(16)(D) during the taxable year on behalf of employees who are not highly compensated employees.

“(b) Limitations.—

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

“(2) Limitation with respect to years of participation.—A credit shall be determined under subsection (a) with respect to contributions made on behalf of any employee only during the first 5 years such employee participates in the secure deferral arrangement.

“(c) Definitions.—
“(1) IN GENERAL.—Any term used in this section which is also used in section 401(k)(16) shall have the same meaning as when used in such section.

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

“(d) SPECIAL RULES.—

“(1) AGGREGATION RULES.—For purposes of this section, all persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (m) or (o) of section 414, shall be treated as one person and all plans of the employer shall be treated as 1 eligible plan.

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

“(3) ELECTION NOT TO CLAIM CREDIT.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year.”.

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

‘‘(35) the safe harbor adoption credit determined under section 45V.’’.

(c) Treatment of Credit for Certified Professional Employer Organizations.—Paragraph (2) of section 3511(d), as amended by this Act, is further amended—

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

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

‘‘(G) section 45V (safe harbor adoption credit),’’.

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

‘‘Sec. 45V. Credit for small employers with respect to modified safe harbor requirements for automatic contribution arrangements.’’.

(e) Effective Date.—The amendments made by this section shall apply to taxable years which include any portion of a plan year beginning after December 31, 2023.
SEC. 602. APPLICATION OF TOP HEAVY RULES TO DEFINED CONTRIBUTION PLANS COVERING EXCLUDABLE EMPLOYEES.

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

“(C) Application to employees not meeting age and service requirements.—Any employees not meeting the age or service requirements of section 410(a)(1) (without regard to subparagraph (B) thereof) may be excluded from consideration in determining whether any plan of the employer meets the requirements of subparagraphs (A) and (B).”.

(b) Effective Date.—The amendment made by subsection (a) shall apply to plan years beginning after the date of the enactment of this Act.

SEC. 603. INCREASE IN CREDIT LIMITATION FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS OF CERTAIN EMPLOYERS.

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

175
(b) Treatment of Credit for Certified Professional Employer Organizations.—Paragraph (2) of section 3511(d), as amended by this Act, is further amended—

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

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

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

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2023.

SEC. 604. EXPANSION OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

(a) In General.—Except as otherwise provided in guidance prescribed by the Secretary of the Treasury or the Secretary’s delegate (referred to in this section as the “Secretary”), any eligible inadvertent failure to comply with the rules applicable under section 401(a), 403(a), 403(b), 408(p), or 408(k) of the Internal Revenue Code of 1986 may be self-corrected under the Employee Plans Compliance Resolution System (as described in Revenue Procedure 2021–30 or any successor guidance, and here-
after referred to in this section as the “EPCRS”), except to the extent that such failure was identified by the Secretary prior to any actions which demonstrate a commitment to implement a self-correction. Revenue Procedure 2021–30 is deemed amended as of the date of the enactment of this Act to provide that, except as otherwise provided under such Code or other guidance prescribed by the Secretary, the correction period under section 9.02 of such Revenue Procedure (or any successor guidance) for an eligible inadvertent failure is indefinite and has no last day, other than with respect to failures identified by the Secretary prior to any self-correction as described in the preceding sentence.

(b) Loan Errors.—In the case of an eligible inadvertent failure relating to a loan from a plan to a participant, such failure may be self-corrected under subsection (a) according to the rules of section 6.07 of Revenue Procedure 2021–30 (or any successor guidance), including the provisions related to whether a deemed distribution must be reported on Form 1099–R.

(c) EPCRS for IRAs.—The Secretary shall expand the EPCRS to allow custodians of individual retirement plans (as defined in section 7701(a)(37) of the Internal Revenue Code of 1986) to address eligible inadvertent fail-
ures with respect to individual retirement plans (as so defined), including—

(1) waivers of the excise tax which would otherwise apply under section 4974 of the Internal Revenue Code of 1986; and

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

(d) Correction Methods for Eligible Inadvertent Failures.—The Secretary shall issue guidance on correction methods that are required to be used to correct eligible inadvertent failures, including general principles of correction if a specific correction method is not specified by the Secretary.

(e) Eligible Inadvertent Failure.—For purposes of this section—

(1) In General.—Except as provided in paragraph (2), the term “eligible inadvertent failure” means a failure that occurs despite the existence of practices and procedures which—
(A) satisfy the standards set forth in section 4.04 of Revenue Procedure 2021–30 (or any successor guidance), or

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

(2) EXCEPTION.—The term “eligible inadvertent failure” shall not include any failure which is egregious, relates to the diversion or misuse of plan assets, or is directly or indirectly related to an abusive tax avoidance transaction.

(f) DEADLINE.—Any guidance, or revision to any such guidance, required by this section shall be promulgated not later than the date which is 2 years after the date of the enactment of this Act.

SEC. 605. APPLICATION OF CREDIT FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS TO EMPLOYERS WHICH JOIN AN EXISTING PLAN.

(a) IN GENERAL.—Section 45E(d)(3)(A) is amended by striking “effective” and inserting “effective with respect to the eligible employer”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to eligible employer plans which become effective with respect to the eligible employer after the date of the enactment of this Act.
SEC. 606. SAFE HARBOR FOR CORRECTIONS OF EMPLOYEE ELECTIVE DEFERRAL FAILURES.

The Secretary of the Treasury shall modify Appendix A.05(8) of Revenue Procedure 2021-30 (the Employee Plans Compliance Resolution System, or EPCRS) not later than December 31, 2023—

(1) to provide that the special safe harbor correction method provided in Appendix A.05(8) for failures related to automatic contribution features in a section 401(k) plan or a section 403(b) plan is not limited to failures that begin on or before December 31, 2023, and

(2) to clarify that EPCRS correction methods for failures related to automatic contribution features that require notices to a participant can be satisfied without regard to whether the participant remains employed at the time corrections are made.

SEC. 607. REFORM OF FAMILY ATTRIBUTION RULE.

(a) IN GENERAL.—Section 414 is amended—

(1) in subsection (b)—

(A) by striking “For purposes of” and inserting the following:

“(1) In general.—For purposes of”, and

(B) by adding at the end the following new paragraphs:
“(2) Special rules for applying family attribution.—For purposes of applying the attribution rules under section 1563 with respect to paragraph (1), the following rules apply:

“(A) Community property laws shall be disregarded for purposes of determining ownership.

“(B) Except as provided by the Secretary, stock of an individual not attributed under section 1563(e)(5) to such individual’s spouse shall not be attributed to such spouse by reason of the combined application of paragraphs (1) and (6)(A) of section 1563(e).

“(C) Except as provided by the Secretary, in the case of stock in different corporations that is attributed to a child under section 1563(e)(6)(A) from each parent, and is not attributed to such parents as spouses under section 1563(e)(5), such attribution to the child shall not by itself result in such corporations being members of the same controlled group.

“(3) Plan shall not fail to be treated as satisfying this section.—If application of paragraph (2) causes 2 or more entities to be a controlled group or to no longer be in a controlled
group, such change shall be treated as a transaction
to which section 410(b)(6)(C) applies.”, and

(2) in subsection (m)(6)(B)—

(A) by striking “OWNERSHIP.—In deter-
mining” and inserting the following: “OWNERS-
SHIP.—

“(i) IN GENERAL.—In determining”,

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

“(ii) SPECIAL RULES FOR APPLYING
FAMILY ATTRIBUTION.—For purposes of
applying the attribution rules under section
318 with respect to clause (i), the following
rules apply:

“(I) Community property laws
shall be disregarded for purposes of
determining ownership.

“(II) Except as provided by the
Secretary, stock of an individual not
attributed under section
318(a)(1)(A)(i) to such individual’s
spouse shall not be attributed by rea-
son of the combined application of
paragraphs (1)(A)(ii) and (4) of sec-
tion 318(a) to such spouse from a
child who has not attained the age of 21 years.

“(III) Except as provided by the Secretary, in the case of stock in different organizations which is attributed under section 318(a)(1)(A)(ii) from each parent to a child who has not attained the age of 21 years, and is not attributed to such parents as spouses under section 318(a)(1)(A)(i), such attribution to the child shall not by itself result in such organizations being members of the same affiliated service group.

“(iii) Plan shall not fail to be treated as satisfying this section.—If the application of clause (ii) causes two or more entities to be an affiliated service group, or to no longer be in an affiliated service group, such change shall be treated as a transaction to which section 410(b)(6)(C) applies.”, and

(C) by striking “apply” in clause (i), as so added, and inserting “apply, except that com-
munity property laws shall be disregarded for purposes of determining ownership”.

(b) **Effective Date.**—The amendments made by this section shall apply to plan years beginning after December 31, 2023.

**SEC. 608. CONTRIBUTION LIMIT FOR SIMPLE IRAS.**

(a) **In General.**—Subparagraph (E) of section 408(p)(2) is amended—

(1) by striking “amount is” and all that follows in clause (i) and inserting “dollar amount is—

“(I) $16,500 in the case of an eligible employer described in clause (iii) which had not more than 25 employees who received at least $5,000 of compensation from the employer for the preceding year,

“(II) $16,500 in the case of an eligible employer described in clause (iii) which is not described in subclause (I) and which elects, at such time and in such manner as prescribed by the Secretary, the application of this subclause for the year, and
“(III) $10,000 in any other case.”,

(2) by striking “ADJUSTMENT.—In the case of” in clause (ii) and inserting “ADJUSTMENT.—

“(I) CERTAIN LARGE EMPLOYERS.—In the case of”,

(3) by striking “clause (i)” in clause (ii) and inserting “clause (i)(III)”, and

(4) by adding at the end of clause (ii) the following new subclause:

“(II) OTHER EMPLOYERS.—In the case of a year beginning after December 31, 2024, the Secretary shall adjust annually the $16,500 amount in subclauses (I) and (II) of clause (i) in the manner provided under subclause (I) of this clause, except that the base period taken into account shall be the calendar quarter beginning July 1, 2023.”.

(b) CATCH-UP CONTRIBUTIONS.—Paragraph (2) of section 414(v) is amended—

(1) in subparagraph (B)—
(A) by striking “the applicable” in clause (ii) and inserting “except as provided in clause (iii), the applicable”; and

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

“(iii) In the case of an applicable employer plan—

“(I) which is maintained by an eligible employer described in section 408(p)(2)(E)(i)(I), or

“(II) to which an election under section 408(p)(2)(E)(i)(II) applies for the year (including a plan described in section 401(k)(11) which is maintained by an eligible employer described in section 408(p)(2)(E)(i)(II) and to which such election applies by reason of subparagraphs (B)(i)(I) and (E) of section 401(k)(11)),

the applicable dollar amount is $4,750.”,

and

(2) in subparagraph (C), as amended by this Act, by striking “and the $2,500 amount in subparagraph (B)(ii)” and inserting “, the $2,500 amount in subparagraph (B)(ii)”
amount in subparagraph (B)(ii), and the $4,750 amount in subparagraph (B)(iii)”.

(c) EMPLOYER MATCH.—Clause (ii) of section 408(p)(2)(C) is amended—

(1) by striking “The term” in subclause (I) and inserting “Except as provided in subclause (IV), the term”,

(2) by adding at the end the following new subclause:

“(IV) SPECIAL RULE FOR ELECTING LARGER EMPLOYERS.—In the case of an employer which had more than 25 employees who received at least $5,000 of compensation from the employer for the preceding year, and which makes the election under subparagraph (E)(i)(II) for any year, subclause (I) shall be applied for such year by substituting ‘4 percent’ for ‘3 percent’.”, and

(3) by striking “3 percent” each place it appears in subclauses (II) and (III) and inserting “the applicable percentage”.

(d) INCREASE IN NONELECTIVE EMPLOYER CONTRIBUTION FOR ELECTING LARGER EMPLOYERS.—Sub-
paragraph (B) of section 408(p)(2) is amended by adding at the end the following new clause:

“(iii) Special rule for electing larger employers.—In the case of an employer which had more than 25 employees who received at least $5,000 of compensation from the employer for the preceding year, and which makes the election under subparagraph (E)(i)(II) for any year, clause (i) shall be applied for such year by substituting ‘3 percent’ for ‘2 percent’.”.

(e) Transition rule.—Paragraph (2) of section 408(p), as amended by this Act, is further amended by adding at the end the following new subparagraph:

“(H) 2-year grace period.—An eligible employer which had not more than 25 employees who received at least $5,000 of compensation from the employer for 1 or more years, and which has more than 25 such employees for any subsequent year, shall be treated for purposes of subparagraph (E)(i) as having 25 such employees for the 2 years following the last year the employer had not more than 25 such employees, and not as having made the election
under subparagraph (E)(i)(II) for such 2 years. 

Rules similar to the second sentence of sub-
paragraph (C)(i)(II) shall apply for purposes of 
this subparagraph.”.

(f) Amendments Apply Only if Employer Has 
Not Had Another Plan Within 3 Years.—Subpara-
graph (E) of section 408(p)(2), as amended by subsection 
(a), is further amended by adding at the end the following 
new clause:

“(iii) Employer has not had an-
other plan within 3 years.—An eligi-
ble employer is described in this clause 
only if, during the 3-taxable-year period 
immediately preceding the 1st year the em-
ployer maintains the qualified salary re-
duction arrangement under this paragraph, 
neither the employer nor any member of 
any controlled group including the em-
ployer (or any predecessor of either) estab-
lished or maintained any plan described in 
clause (i), (ii), or (iv) of section 
219(g)(5)(A) with respect to which con-
tributions were made, or benefits were ac-
crued, for substantially the same employees
as are eligible to participate in such qualified salary reduction arrangement.”.

(g) **Conforming Amendments Relating to Simple 401(k)s.**—

(1) Subclause (I) of section 401(k)(11)(B)(i) is amended by inserting “(after the application of any election under section 408(p)(2)(E)(i)(II))” before the comma.

(2) Paragraph (11) of section 401(k) is amended by adding at the end the following new subparagraph:

“(E) Employers electing increased contributions.—In the case of an employer which applies an election under section 408(p)(2)(E)(i)(II) for purposes of the contribution requirements of this paragraph under subparagraph (B)(i)(I), rules similar to the rules of subparagraphs (B)(iii), (C)(ii)(IV), and (G) of section 408(p)(2) shall apply for purposes of subparagraphs (B)(i)(II) and (B)(ii) of this paragraph.”.

(h) **Plan Forms to Be Shared With Secretary.**—
(1) IN GENERAL.—Subsection (p) of section 408 is amended by adding at the end the following new paragraph:

“(11) PLAN ARRANGEMENT TO BE SHARED WITH SECRETARY.—The trustee or issuer (in the case of an individual retirement annuity) of a simple retirement account shall provide to the Secretary, at the time the qualified salary reduction arrangement is established (or not later than December 31, 2024, in the case of arrangements in effect on the date of the enactment of this paragraph), a copy of the written arrangement described in paragraph (2)(A).”.

(2) SIMPLE 401(K)S.—Paragraph (11) of section 401(k), as amended by this section, is further amended by adding at the end the following new subparagraph:

“(F) PLAN ARRANGEMENT TO BE SHARED WITH SECRETARY.—The plan administrator of a cash and deferred arrangement under this paragraph shall provide to the Secretary, at the time the arrangement is established (or not later than December 31, 2024, in the case of arrangements in effect on the date of the enactment of this paragraph), a written copy of the arrangement.”.
(i) **Effective Date.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2023.

(j) **Reports by Secretary.**—

(1) **In General.**—The Secretary of the Treasury shall, not later than December 31, 2024, and annually thereafter, report to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives on the data described in paragraph (2), together with any recommendations the Secretary deems appropriate.

(2) **Data Described.**—For purposes of the report required under paragraph (1), the Secretary of the Treasury shall collect data and information on—

(A) the number of plans described in section 408(p) or 401(k)(11) of the Internal Revenue Code of 1986 that are maintained or established during a year;

(B) the number of participants eligible to participate in such plans for such year;

(C) median contribution amounts for the participants described in subparagraph (B);
(D) the types of investments that are most common under such plans; and

(E) the fee levels charged in connection with the maintenance of accounts under such plans.

Such data and information shall be collected separately for each type of plan. For purposes of collecting such data, the Secretary of the Treasury may use such data as is otherwise available to the Secretary for publication and may use such approaches as are appropriate under the circumstances, including the use of voluntary surveys and collaboration on studies.

SEC. 609. EMPLOYERS ALLOWED TO REPLACE SIMPLE RETIREMENT ACCOUNTS WITH SAFE HARBOR 401(k) PLANS DURING A YEAR.

(a) IN GENERAL.—Section 408(p), as amended by this Act, is further amended by adding at the end the following new paragraph:

“(12) REPLACEMENT OF SIMPLE RETIREMENT ACCOUNTS WITH SAFE HARBOR PLANS DURING PLAN YEAR.—

“(A) IN GENERAL.—Subject to the requirements of this paragraph, an employer may elect (in such form and manner as the Sec—
retary may prescribe) at any time during a year to terminate the qualified salary reduction arrangement under paragraph (2), but only if the employer establishes and maintains (as of the day after the termination date) a safe harbor plan to replace the terminated arrangement.

“(B) Combined limits on contributions.—The terminated arrangement and safe harbor plan shall both be treated as violating the requirements of paragraph (2)(A)(ii) or section 401(a)(30) (whichever is applicable) if the aggregate elective contributions of the employee under the terminated arrangement during its last plan year and under the safe harbor plan during its transition year exceed the sum of—

“(i) the applicable dollar amount for such arrangement (determined on a full-year basis) under this subsection (after the application of section 414(v)) with respect to the employee for such last plan year multiplied by a fraction equal to the number of days in such plan year divided by 365, and

“(ii) the applicable dollar amount (as so determined) under section 402(g)(1) for
such safe harbor plan on such elective contributions during the transition year multiplied by a fraction equal to the number of days in such transition year divided by 365.

“(C) Transition Year.—For purposes of this paragraph, the transition year is the period beginning after the termination date and ending on the last day of the calendar year during which the termination occurs.

“(D) Safe Harbor Plan.—For purposes of this paragraph, the term ‘safe harbor plan’ means a qualified cash or deferred arrangement which meets the requirements of paragraph (11), (12), (13), or (16) of section 401(k).”.

(b) Waiver of 2-Year Withdrawal Limitation in Case of Plans Converting to 401(k) or 403(b).—

(1) In general.—Paragraph (6) of section 72(t) is amended—

(A) by striking “ACCOUNTS.—In the case of” and inserting “ACCOUNTS.—

“(A) In general.—In the case of”, and

(B) by adding at the end the following new subparagraph:
“(B) **Waiver in case of plan conversion to 401(k) or 403(b).**—In the case of an employee of an employer which terminates the qualified salary reduction arrangement of the employer under section 408(p) and establishes a qualified cash or deferred arrangement described in section 401(k) or purchases annuity contracts described in section 403(b), subparagraph (A) shall not apply to any amount which is paid in a rollover contribution described in section 408(d)(3) into a qualified trust under section 401(k) (but only if such contribution is subsequently subject to the rules of section 401(k)(2)(B)) or an annuity contract described in section 403(b) (but only if such contribution is subsequently subject to the rules of section 403(b)(11)) for the benefit of the employee.”.

(2) **Conforming Amendment.**—Subparagraph (G) of section 408(d)(3) is amended by striking “72(t)(6)” and inserting “72(t)(6)(A)”.

(c) **Effective Date.**—The amendments made by this section shall apply to plan years beginning after December 31, 2023.
SEC. 610. STARTER 401(k) PLANS FOR EMPLOYERS WITH NO RETIREMENT PLAN.

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

“(17) STARTER 401(k) DEFERRAL-ONLY PLANS FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

“(A) In General.—A starter 401(k) deferral-only arrangement maintained by an eligible employer shall be treated as meeting the requirements of paragraph (3)(A)(ii).

“(B) STARTER 401(k) DEFERRAL-ONLY ARRANGEMENT.—For purposes of this paragraph, the term ‘starter 401(k) deferral-only arrangement’ means any cash or deferred arrangement which meets—

“(i) the automatic deferral requirements of subparagraph (C),

“(ii) the contribution limitations of subparagraph (D), and

“(iii) the requirements of subparagraph (E) of paragraph (13).

“(C) AUTOMATIC DEFERRAL.—

“(i) In General.—The requirements of this subparagraph are met if, under the arrangement, each eligible employee is
treated as having elected to have the employer make elective contributions in an amount equal to a qualified percentage of compensation.

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

“(I) to not have such contributions made, or

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

“(iii) QUALIFIED PERCENTAGE.—For purposes of this subparagraph, the term ‘qualified percentage’ means, with respect to any employee, any percentage determined under the arrangement if such percentage is applied uniformly and is not less than 3 or more than 15 percent.

“(D) CONTRIBUTION LIMITATIONS.—

“(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement—
“(I) the only contributions which may be made are elective contributions of employees described in sub-paragraph (C), and

“(II) the aggregate amount of such elective contributions which may be made with respect to any employee for any calendar year shall not exceed $6,000.

“(ii) COST-OF-LIVING ADJUSTMENT.—

In the case of any calendar year beginning after December 31, 2024, the $6,000 amount under clause (i) shall be adjusted in the same manner as under section 402(g)(4), except that ‘2023’ shall be sub-stituted for ‘2005’.

“(iii) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the limitation under clause (i)(II) shall be increased by the applicable amount determined under section 219(b)(5)(B)(ii) (after the application of section 219(b)(5)(C)(iii)).
“(E) ELIGIBLE EMPLOYER.—For purposes of this paragraph—

“(i) IN GENERAL.—The term ‘eligible employer’ means any employer if the employer does not maintain a qualified plan with respect to which contributions are made, or benefits are accrued, for service in the year for which the determination is being made. If only individuals other than employees described in subparagraph (A) of section 410(b)(3) are eligible to participate in such arrangement, then the preceding sentence shall be applied without regard to any qualified plan in which only employees described in such subparagraph are eligible to participate.

“(ii) RELIEF FOR ACQUISITIONS, ETC.—Rules similar to the rules of section 408(p)(10) shall apply for purposes of clause (i).

“(iii) QUALIFIED PLAN.—The term ‘qualified plan’ means a plan, contract, pension, account, or trust described in subparagraph (A) or (B) of paragraph (5) of section 219(g) (determined without regard
to the last sentence of such paragraph (5)).

“(F) ELIGIBLE EMPLOYEE.—For purposes of this paragraph—

“(i) IN GENERAL.—The term ‘eligible employee’ means any employee of the employer who meets the minimum age and service conditions described in section 410(a)(1).

“(ii) EXCLUSIONS.—The employer may elect to exclude from such definition any employee described in paragraph (3) or (4) of section 410(b).”.

(b) CERTAIN ANNUITY CONTRACTS.—Subsection (b) of section 403, as amended by this Act, is further amended by adding at the end the following new paragraph:

“(17) SAFE HARBOR DEFERRAL-ONLY PLANS FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

“(A) IN GENERAL.—A safe harbor deferral-only plan maintained by an eligible employer shall be treated as meeting the requirements of paragraph (12).

“(B) SAFE HARBOR DEFERRAL-ONLY PLAN.—For purposes of this paragraph, the
term ‘safe harbor deferral-only plan’ means any plan which meets—

“(i) the automatic deferral requirements of subparagraph (C),

“(ii) the contribution limitations of subparagraph (D), and

“(iii) the requirements of subparagraph (E) of section 401(k)(13).

“(C) AUTOMATIC DEFERRAL.—

“(i) IN GENERAL.—The requirements of this subparagraph are met if, under the plan, each eligible employee is treated as having elected to have the employer make elective contributions in an amount equal to a qualified percentage of compensation.

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

“(I) to not have such contributions made, or

“(II) to make elective contributions at a level specified in such affirmative election.
“(iii) Qualified percentage.—For purposes of this subparagraph, the term ‘qualified percentage’ means, with respect to any employee, any percentage determined under the plan if such percentage is applied uniformly and is not less than 3 or more than 15 percent.

“(D) Contribution limitations.—

“(i) In general.—The requirements of this subparagraph are met if, under the plan—

“(I) the only contributions which may be made are elective contributions of eligible employees, and

“(II) the aggregate amount of such elective contributions which may be made with respect to any employee for any calendar year shall not exceed $6,000.

“(ii) Cost-of-living adjustment.—

In the case of any calendar year beginning after December 31, 2024, the $6,000 amount under clause (i) shall be adjusted in the same manner as under section
402(g)(4), except that ‘2023’ shall be sub-
stituted for ‘2005’.

“(iii) **Catch-up contributions for**
individuals age 50 or over.—In the
case of an individual who has attained the
age of 50 before the close of the taxable
year, the limitation under clause (i)(II)
shall be increased by the applicable amount
determined under section 219(b)(5)(B)(ii)
(after the application of section
219(b)(5)(C)(iii)).

“(E) **Eligible employer.—**For purposes of this paragraph—

“(i) **In general.—**The term ‘eligible
employer’ means any employer if the em-
ployer does not maintain a qualified plan
with respect to which contributions are
made, or benefits are accrued, for service
in the year for which the determination is
being made. If only individuals other than
employees described in subparagraph (A)
of section 410(b)(3) are eligible to partici-
pate in such arrangement, then the pre-
ceding sentence shall be applied without
regard to any qualified plan in which only
employees described in such subparagraph are eligible to participate.

“(ii) RELIEF FOR ACQUISITIONS, ETC.—Rules similar to the rules of section 408(p)(10) shall apply for purposes of clause (i).

“(iii) QUALIFIED PLAN.—The term ‘qualified plan’ means a plan, contract, pension, account, or trust described in subparagraph (A) or (B) of paragraph (5) of section 219(g) (determined without regard to the last sentence of such paragraph (5)).

“(F) ELIGIBLE EMPLOYEE.—For purposes of this paragraph, the term ‘eligible employee’ means any employee of the employer other than an employee who is permitted to be excluded under paragraph (12)(A).”.

(c) STARTER AND SAFE HARBOR PLANS NOT TREATED AS TOP-HEAVY PLANS.—Subparagraph (II) of section 416(g)(4), as amended by this Act, is further amended—

(1) by striking “ARRANGEMENTS” in the heading and inserting “ARRANGEMENTS OR PLANS”,


(2) by striking “, and” at the end of clause (i) and inserting “and matching contributions with respect to which the requirements of paragraph (11), (12), or (13) of section 401(m) are met, or”, and

(3) by striking clause (ii) and inserting after clause (i) the following new clause:

“(ii) a starter 401(k) deferral-only arrangement described in section 401(k)(17)(B) or a safe harbor deferral-only plan described in section 403(b)(17).”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2023.

SEC. 611. CREDIT FOR SMALL EMPLOYERS THAT ADAPT AN AUTOMATIC PORTABILITY ARRANGEMENT.

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

“SEC. 45W. EMPLOYER AUTOMATIC PORTABILITY ARRANGEMENT CREDIT.

“(a) IN GENERAL.—For purposes of section 38, in the case of an eligible employer, the automatic portability arrangement credit determined under this section for the adoption year is an amount equal to $500.
“(b) ELIGIBLE EMPLOYER.—For purposes of this section, the term ‘eligible employer’ has the meaning given the term by section 408(p)(2)(C)(i) (without regard to subclause (II) thereof).

“(c) ADOPTION YEAR.—For purposes of this section—

“(1) IN GENERAL.—The term ‘adoption year’ means the taxable year during which the eligible employer first adopts an automatic portability arrangement as part of an eligible plan maintained by the employer.

“(2) AUTOMATIC PORTABILITY ARRANGEMENT.—

“(A) IN GENERAL.—The term ‘automatic portability arrangement’ means an arrangement providing for automatic portability transactions.

“(B) AUTOMATIC PORTABILITY TRANSACTION.—The term ‘automatic portability transaction’ means a transaction in which amounts distributed pursuant to section 401(a)(31)(B)(i) from a plan to an individual retirement plan established on behalf of an individual are subsequently transferred to an eligible plan in which such individual is an active participant, after such individual has been given
advance notice of the transfer and has not affirmatively opted out of such transfer.

“(3) ELIGIBLE PLAN.—The term ‘eligible plan’ means a qualified employer plan as defined in section 4972(d)(1), other than a defined benefit plan.”.

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Subsection (b) of section 38, as amended by this Act, is further amended by striking “plus” at the end of paragraph (34), by striking the period at the end of paragraph (35) and inserting “, plus”, and by adding at the end the following new paragraph:

“(36) in the case of an eligible employer (as defined in section 45W(b)), the automatic portability arrangement credit determined under section 45W(a).”.

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

“Sec. 45W. Employer automatic portability arrangement credit.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.
SEC. 612. RE-ENROLLMENT CREDIT.

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

"SEC. 45X. CREDIT FOR RE-ENROLLMENT PROVISIONS IN PLANS PROVIDED BY SMALL EMPLOYERS.

"(a) In General.—For purposes of section 38, in the case of an eligible employer, the retirement re-enrollment credit determined under this section for any taxable year is an amount equal to—

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

"(2) zero for any other taxable year.

"(b) Credit Period.—For purposes of subsection (a)—

"(1) In General.—The credit period with respect to any eligible employer is the 3-taxable-year period beginning with the first taxable year for which the employer includes a re-enrollment provision in an eligible automatic contribution arrangement (as defined in section 414(w)(3)) in a qualified employer plan (as defined in section 4972(d)) maintained by the employer.

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

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

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

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

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

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

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

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

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

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Subsection (b) of section 38, as amended by this Act, is further amended by striking “plus” at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting “, plus”, and by adding at the end the following new paragraph:

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

c) TREATMENT OF CREDIT FOR CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—Paragraph (2) of section 3511(d), as amended by this Act, is further amended—
212

(1) by redesignating subparagraphs (H), (I),
(J), and (K) as subparagraphs (I), (J), (K), and (L)
respectively, and

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

“(H) section 45X (retirement re-enroll-
ment credit),”.

(d) CLERICAL AMENDMENT.—The table of sections
for subpart D of part IV of subchapter A of chapter 1,
as amended by this Act, is further amended by inserting
after the item relating to section 45W the following new
item:

“Sec. 45X. Credit for re-enrollment provisions in plans provided by small em-
ployers.”.

(e) EFFECTIVE DATE.—The amendments made by
this section shall apply to taxable years beginning after

SEC. 613. CORRECTIONS OF MORTALITY TABLES.

(a) IN GENERAL.—Not later than 18 months after
the date of the enactment of this Act, the Secretary of
the Treasury (or the Secretary’s delegate) shall amend the
regulation relating to “Mortality Tables for Determining
Present Value Under Defined Benefit Pension Plans” (82
Fed. Reg. 46388 (October 5, 2017)). Under such amend-
ment, for valuation dates occurring during or after 2022,
such mortality improvement rates shall not assume future
mortality improvements at any age which are greater than .78 percent. The Secretary of the Treasury (or delegate) shall by regulation modify the .78 percent figure in the preceding sentence as necessary to reflect material changes in the overall rate of improvement projected by the Social Security Administration.

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

**SEC. 614. ENHANCING RETIREE HEALTH BENEFITS IN PENSION PLANS.**

(a) **Extension of Transfers of Excess Pension Assets to Retiree Health Accounts.**—Paragraph (4) of section 420(b) is amended by striking “December 31, 2025” and inserting “December 31, 2032”.

(b) **De Minimis Transfer Rule.**—

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

“(7) **Special rule for de minimis transfers.**—
“(A) IN GENERAL.—In the case of a transfer of an amount which is not more than 1.75 percent of the amount determined under paragraph (2)(A) by a plan which meets the requirements of subparagraph (B), paragraph (2)(B) shall be applied by substituting ‘110 percent’ for ‘125 percent’.

“(B) TWO-YEAR LOOKBACK REQUIREMENT.—A plan is described in this subparagraph if, as of any valuation date in each of the 2 plan years immediately preceding the plan year in which the transfer occurs, the amount determined under paragraph (2)(A) exceeded 110 percent of the sum of the funding target and the target normal cost determined under section 430 for each such plan year.”.

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

(3) CONFORMING AMENDMENTS.—

(A) EXCESS PENSION ASSETS.—Clause (i) of section 420(f)(2)(B) is amended—
(i) by striking “In general.—In” and inserting “In general.—

“(I) Determination.—In”,

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

(iii) by adding at the end the following new subclause:

“(II) Special rule for collectively bargained transfers.—In determining excess pension assets for purposes of a collectively bargained transfer, subsection (e)(7) shall not apply.”.

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

(c) Effective date.—The amendments made by this section shall apply to transfers made after the date of the enactment of this Act.
SEC. 615. DEFERRAL OF TAX FOR CERTAIN SALES OF EMPLOYER STOCK TO EMPLOYEE STOCK OWNERSHIP PLAN SPONSORED BY S CORPORATION.

(a) In General.—Section 1042(c)(1)(A) is amended by striking “domestic C corporation” and inserting “domestic corporation”.

(b) 10 Percent Limitation on Application of Gain on Sale of S Corporation Stock.—Section 1042 is amended by adding at the end the following new subsection:

“(h) Application of Section to Sale of Stock in S Corporation.—In the case of the sale of qualified securities of an S corporation, the election under subsection (a) may be made with respect to not more than 10 percent of the amount realized on such sale for purposes of determining the amount of gain not recognized and the extent to which (if at all) the amount realized on such sale exceeds the cost of qualified replacement property. The portion of adjusted basis that is properly allocable to the portion of the amount realized with respect to which the election is made under this subsection shall be taken into account for purposes of the preceding sentence.”.

(c) Effective Date.—The amendments made by this section shall apply to sales after December 31, 2027.
TITLE VII—NOTICES

SEC. 701. REVIEW AND REPORT TO CONGRESS RELATING TO REPORTING AND DISCLOSURE REQUIREMENTS.

(a) STUDY.—As soon as practicable after the date of enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Director of the Pension Benefit Guaranty Corporation shall review the reporting and disclosure requirements as applicable to each such agency head, of—

(1) the Employee Retirement Income Security Act of 1974 applicable to pension plans (as defined in section 3(2) of such Act (29 U.S.C. 1002(2)); and

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

(b) REPORT.—

(1) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Director of the Pension Benefit Guaranty Corporation, jointly, and after consultation with a balanced group of participant and employer representatives, shall with respect to plans referenced in subsection (a) re-
report on the effectiveness of the applicable reporting and disclosure requirements and make such recommendations as may be appropriate to the Committee on Education and Labor and the Committee on Ways and Means of the House of Representatives and the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate to consolidate, simplify, standardize, and improve such requirements so as to simplify reporting for such plans and ensure that plans can furnish and participants and beneficiaries timely receive and better understand the information they need to monitor their plans, plan for retirement, and obtain the benefits they have earned.

(2) **Analysis of Effectiveness.**—To assess the effectiveness of the applicable reporting and disclosure requirements, the report shall include an analysis, based on plan data, of how participants and beneficiaries are providing preferred contact information, the methods by which plan sponsors and plans are furnishing disclosures, and the rate at which participants and beneficiaries (grouped by key demographics) are receiving, accessing, understanding, and retaining disclosures.
(3) Collection of Information.—The agencies shall conduct appropriate surveys and data collection to obtain any needed information.

SEC. 702. REPORT TO CONGRESS ON SECTION 402(F) NOTICES.

Not later than 18 months after the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives on the notices provided by retirement plan administrators to plan participants under section 402(f) of the Internal Revenue Code of 1986. The report shall analyze the effectiveness of such notices and make recommendations, as warranted by the findings, to facilitate better understanding by recipients of different distribution options and corresponding tax consequences, including spousal rights.

SEC. 703. ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.

(a) In General.—Section 414, as amended by this Act, is further amended by adding at the end the following new subsection:
“(bb) ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.—

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

“(A) an annual reminder notice of such participant’s eligibility to participate in such plan and any applicable election deadlines under the plan, and

“(B) any document requested by such participant which the participant would be entitled to receive notwithstanding this subsection.

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

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

“(B) has received—

“(i) the summary plan description pursuant to section 104(b) of the Em-
ployee Retirement Income Security Act of 1974, and

“(ii) any other notices related to eligibility under the plan which are required to be furnished under this title or the Employee Retirement Income Security Act of 1974 in connection with such participant’s initial eligibility to participate in such plan,

“(C) is not participating in such plan,

“(D) does not have an account balance in the plan, and

“(E) satisfies such other criteria as the Secretary may determine appropriate, as prescribed in guidance issued in consultation with the Secretary of Labor.

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

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

TITLE VIII—TECHNICAL MODIFICATIONS

SEC. 801. REPAYMENT OF QUALIFIED BIRTH OR ADOPTION DISTRIBUTION LIMITED TO 3 YEARS.

(a) In General.—Section 72(t)(2)(H)(v)(I) is amended by striking “may make” and inserting “may, at any time during the 3-year period beginning on the day after the date on which such distribution was received, make”.

(b) Effective Date.—The amendment made by this section shall take effect as if included in the enactment of section 113 of the Setting Every Community Up for Retirement Enhancement Act of 2019.

SEC. 802. AMENDMENTS RELATING TO SETTING EVERY COMMUNITY UP FOR RETIREMENT ENHANCEMENT ACT OF 2019.

(a) Technical Amendments.—

(1) Amendments relating to section 103.—Section 401(m)(12) is amended by striking “and” at the end of subparagraph (A), by redesignating subparagraph (B) as subparagraph (C), and
by inserting after subparagraph (A) (as so amended) the following new subparagraph:

“(B) meets the notice requirements of subsection (k)(13)(E), and”.

(2) AMENDMENTS RELATING TO SECTION 112.—

(A) Section 401(k)(15)(B)(i)(II), as amended by this Act, is further amended by striking “subsection (m)(2)” and inserting “paragraphs (2), (11), and (12) of subsection (m)”.

(B) Section 401(k)(15)(B)(iii) is amended by striking “under the arrangement” and inserting “under the plan”.

(C) Section 401(k)(15)(B)(iv) is amended by striking “section 410(a)(1)(A)(ii)” and inserting “paragraph (2)(D)”.

(3) AMENDMENT RELATING TO SECTION 116.—

Section 4973(b) is amended by adding at the end of the flush matter the following: “Such term shall not include any designated nondeductible contribution (as defined in subparagraph (C) of section 408(o)(2)) which does not exceed the nondeductible limit under subparagraph (B) thereof by reason of an election under section 408(o)(5).”.
(b) **CLERICAL AMENDMENTS.**—

(1) Section 72(t)(2)(H)(vi)(IV) is amended by striking “403(b)(7)(A)(ii)” and inserting “403(b)(7)(A)(i)”.

(2) Section 401(k)(12)(G) is amended by striking “the requirements under subparagraph (A)(i)” and inserting “the contribution requirements under subparagraph (B) or (C)”.

(3) Section 401(k)(13)(D)(iv) is amended by striking “and (F)” and inserting “and (G)”.

(4) Section 408(o)(5)(A) is amended by striking “subsection (b)” and inserting “section 219(b)”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect as if included in section of the Setting Every Community Up for Retirement Enhancement Act of 2019 to which the amendment relates.

**SEC. 803. MODIFICATION OF REQUIRED MINIMUM DISTRIBUTION RULES FOR SPECIAL NEEDS TRUSTS.**

(a) **IN GENERAL.**—Section 401(a)(9)(H)(iv)(II) is amended by striking “no individual” and inserting “no beneficiary”.

(b) **CONFORMING AMENDMENT.**—Section 401(a)(9)(H)(v) is amended by adding at the end the following flush sentence:
“For purposes of the preceding sentence, in the case of a trust the terms of which are described in clause (iv)(II), any beneficiary which is an organization described in section 408(d)(8)(B)(i) shall be treated as a designated beneficiary described in subclause (II).”.

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

TITLE IX—PLAN AMENDMENTS

SEC. 901. PROVISIONS RELATING TO PLAN AMENDMENTS.

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

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

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

(1) IN GENERAL.—This section shall apply to any amendment to any retirement plan or annuity contract which is made—

(A) pursuant to any amendment made by this Act or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor (or a delegate of either such Secretary) under this Act; and

(B) on or before the last day of the first plan year beginning on or after January 1, 2024, or such later date as the Secretary of the Treasury may prescribe.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), or an applicable collectively bargained plan, this paragraph shall be applied by substituting “2026” for “2024”. For purposes of the preceding sentence, the term “applicable collectively bargained plan” means a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before the date of enactment of this Act.

(2) CONDITIONS.—This section shall not apply to any amendment unless—
(A) during the period—

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

(ii) ending on the date described in paragraph (1)(B) (as modified by the second sentence of paragraph (1)) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect; and

(B) such plan or contract amendment applies retroactively for such period.

(c) Coordination With Other Provisions Relating to Plan Amendments.—

(1) SECURE ACT.—Section 601(b)(1) of the Setting Every Community Up for Retirement Enhancement Act of 2019 is amended—

(A) by striking “January 1, 2022” in sub-
paragraph (B) and inserting “January 1, 2024”, and
(B) by striking “substituting ‘2024’ for ‘2022’.” in the flush matter at the end and inserting “substituting ‘2026’ for ‘2024’.”.

(2) CARES ACT.—

(A) Special rules for use of retirement funds.—Section 2202(c)(2)(A) of the CARES Act is amended by striking “January 1, 2022” in clause (ii) and inserting “January 1, 2024”.

(B) Temporary waiver of required minimum distributions rules for certain retirement plans and accounts.—Section 2203(c)(2)(B)(i) of the CARES Act is amended—

(i) by striking “January 1, 2022” in subclause (II) and inserting “January 1, 2024”, and

(ii) by striking “substituting ‘2024’ for ‘2022’.” in the flush matter at the end and inserting “substituting ‘2026’ for ‘2024’.”.

(C) Taxpayer certainty and disaster tax relief act of 2020.—Section 302(d)(2)(A) of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 is amended by
striking “January 1, 2022” in clause (ii) and inserting “January 1, 2024”.

TITLE X—TAX COURT
RETIREMENT PROVISIONS

SEC. 1001. PROVISIONS RELATING TO JUDGES OF THE TAX COURT.

(a) Thrift Savings Plan Contributions for Judges in the Federal Employees Retirement System.—

(1) In general.—Subsection (j)(3)(B) of section 7447 is amended to read as follows:

“(B) Contributions for benefit of judge.—No contributions under section 8432(c) of title 5, United States Code, shall be made for the benefit of a judge who has filed an election to receive retired pay under subsection (e).”.

(2) Offset.—Paragraph (3) of section 7447(j) is amended by adding at the end the following new subparagraph:

“(F) Offset.—In the case of a judge who receives a distribution from the Thrift Savings Plan and who later receives retired pay under subsection (d), the retired pay shall be offset by an amount equal to the amount of the distribu-
tion which represents the Government’s con-
tribution to the individual’s Thrift Savings Ac-
count during years of service as a full-time judi-
cial officer under the Federal Employees Retire-
ment System, without regard to earnings attrib-
utable to such amount. Where such an offset
would exceed 50 percent of the retired pay to
be received in the first year, the offset may be
divided equally over the first 2 years in which
the individual receives the annuity.”.

(3) Effective date.—The amendments made
by this subsection shall apply to basic pay earned
while serving as a judge of the United States Tax
Court on or after the date of the enactment of this
Act.

(b) Change in vesting period for survivor an-
nuities and waiver of vesting period in the
event of assassination.—

(1) Eligibility in case of death.—Sub-
section (h) of section 7448 is amended to read as
follows:

“(h) Entitlement to annuity.—

“(1) In general.—

“(A) Annuity to surviving spouse.—If

a judge or special trial judge described in para-
graph (2) is survived by a surviving spouse but not by a dependent child, there shall be paid to such surviving spouse an annuity beginning with the day of the death of the judge or special trial judge or following the surviving spouse’s attainment of age 50, whichever is the later, in an amount computed as provided in subsection (m).

“(B) ANNUITY TO SURVIVING SPOUSE AND CHILD.—If a judge or special trial judge described in paragraph (2) is survived by a surviving spouse and dependent child or children, there shall be paid to such surviving spouse an annuity, beginning on the day of the death of the judge or special trial judge, in an amount computed as provided in subsection (m), and there shall also be paid to or on behalf of each such child an immediate annuity equal to the lesser of—

“(i) 10 percent of the average annual salary of such judge or special trial judge (determined in accordance with subsection (m)), or
“(ii) 20 percent of such average annual salary, divided by the number of such children.

“(C) ANNUITY TO SURVIVING DEPENDENT CHILDREN.—If a judge or special trial judge described in paragraph (2) leaves no surviving spouse but leaves a surviving dependent child or children, there shall be paid to or on behalf of each such child an immediate annuity equal to the lesser of—

“(i) 20 percent of the average annual salary of such judge or special trial judge (determined in accordance with subsection (m)), or

“(ii) 40 percent of such average annual salary divided by the number of such children.

“(2) COVERED JUDGES.—Paragraph (1) applies to any judge or special trial judge electing under subsection (b)—

“(A) who dies while a judge or special trial judge after having rendered at least 18 months of civilian service computed as prescribed in subsection (n), for the last 18 months of which the salary deductions provided for by subsection
(e)(1) or the deposits required by subsection (d) have actually been made or the salary deductions required by the civil service retirement laws have actually been made, or

“(B) who dies by assassination after having rendered less than 18 months of civilian service computed as prescribed in subsection (n) if, for the period of such service, the salary deductions provided for by subsection (e)(1) or the deposits required by subsection (d) have actually been made.

“(3) TERMINATION OF ANNUITY.—

“(A) SURVIVING SPOUSE.—The annuity payable to a surviving spouse under this subsection shall be terminable upon such surviving spouse’s death or such surviving spouse’s remarriage before attaining age 55.

“(B) SURVIVING CHILD.—Any annuity payable to a child under this subsection shall be terminable upon the earliest of—

“(i) the child’s attainment of age 18,

“(ii) the child’s marriage, or

“(iii) the child’s death,

except that if such child is incapable of self-support by reason of mental or physical disability
the child's annuity shall be terminable only
upon death, marriage, or recovery from such
disability.

“(C) DEPENDENT CHILD AFTER DEATH
OF SURVIVING SPOUSE.—In case of the death of
a surviving spouse of a judge or special trial
judge leaving a dependent child or children of
the judge or special trial judge surviving such
spouse, the annuity of such child or children
shall be recomputed and paid as provided in
paragraph (1)(C).

“(D) RECOMPUTATION WITH RESPECT TO
OTHER DEPENDENT CHILDREN.—In any case
in which the annuity of a dependent child is
terminated under this subsection, the annuities
of any remaining dependent child or children
based upon the service of the same judge or
special trial judge shall be recomputed and paid
as though the child whose annuity was so ter-
minal had not survived such judge.

“(E) SPECIAL RULE FOR ASSASSINATED
JUDGES.—In the case of a survivor of a judge
or special trial judge described in paragraph
(2)(B), there shall be deducted from the annu-
ities otherwise payable under this section an
amount equal to the amount of salary deductions that would have been made if such deductions had been made for 18 months prior to the death of the judge or special trial judge.”.

(2) DEFINITION OF ASSASSINATION.—Section 7448(a) is amended by adding at the end the following new paragraph:

“(10) The terms ‘assassinated’ and ‘assassination’ mean the killing of a judge or special trial judge that is motivated by the performance by the judge or special trial judge of his or her official duties.”.

(3) DETERMINATION OF ASSASSINATION.—Subsection (i) of section 7448 is amended—

(A) by striking “OF DEPENDENCY AND DISABILITY.—Questions” and inserting “BY CHIEF JUDGE.—

“(1) DEPENDENCY AND DISABILITY.—Questions”, and

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

“(2) ASSASSINATION.—The chief judge shall determine whether the killing of a judge or special trial judge was an assassination, subject to review only by the Tax Court. The head of any Federal
agency that investigates the killing of a judge or special trial judge shall provide to the chief judge any information that would assist the chief judge in making such a determination.”.

(4) COMPUTATION OF ANNUITIES.—Subsection (m) of section 7448 is amended—

(A) by striking “ANNUITIES.—The annuity” and inserting “ANNUITIES.—
“(1) IN GENERAL.—Except as provided in paragraph (2), the annuity”,

(B) by striking “the sum of (1) 1.5 percent” and inserting “the sum of—
“(A) 1.5 percent”,

(C) by striking “and (2) three-fourths of 1 percent” and inserting “and
“(B) three-fourths of 1 percent”,

(D) by striking “prior allowable service, except that” and inserting “prior allowable service,
“except that”, and

(E) by adding at the end the following new paragraph:
“(2) SERVICE OF LESS THAN 3 YEARS.—In the case of a judge or special trial judge who has served less than 3 years, the annuity of the surviving
spouse of such judge or special trial judge shall be
based upon the average annual salary received by
such judge or special trial judge for judicial service
prior to the death of the judge or special trial
judge.”.

(5) Other Benefits.—Section 7448 is amended
by adding at the end the following new sub-
section:

“(u) Other Benefits in Case of Assassina-
tion.—In the case of a judge or special trial judge who
is assassinated, an annuity shall be paid under this section
notwithstanding a survivor’s eligibility for or receipt of
benefits under chapter 81 of title 5, United States Code,
except that the annuity for which a surviving spouse is
eligible under this section shall be reduced to the extent
that the total benefits paid under this section and chapter
81 of that title for any year would exceed the current sal-
ary for that year of the office of the judge or special trial
judge.”.

(c) Coordination of Retirement and Survivor
Annuity With the Federal Employees Retirement
System.—

(1) Retirement.—Section 7447 is amended—
(2) Annuities to surviving spouses and dependent children.—Section 7448 is amended—

(A) by striking “section 8331(8)” in subsection (g)(2)(C) and inserting “sections 8331(8) and 8401(19)”, and

(B) by striking “Civil Service Commission” both places it appears in subsection (i)(2) and inserting “Office of Personnel Management”.

(2) Annuities to surviving spouses and dependent children.—Section 7448 is amended—

(A) by striking “section 8332” in subsection (d) and inserting “sections 8332 and 8411”, and

(B) by striking “section 8332” in subsection (n) and inserting “sections 8332 and 8411”.

(d) Limit on teaching compensation of retired judges.—

(1) In general.—Section 7447 is amended by adding at the end the following new subsection:

“(k) Teaching compensation of retired judges.—For purposes of the limitation under section 501(a) of the Ethics in Government Act of 1978 (5 U.S.C. App.), any compensation for teaching approved under section 502(a)(5) of such Act shall not be treated as outside earned income when received by a judge of the United
States Tax Court who has retired under subsection (b) for teaching performed during any calendar year for which such a judge has met the requirements of subsection (c), as certified by the chief judge.”.

(2) Effective Date.—The amendment made by this subsection shall apply to any individual serving as a retired judge of the United States Tax Court on or after the date of the enactment of this Act.

(e) Effective Date.—Except as otherwise provided, the amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 1002. PROVISIONS RELATING TO SPECIAL TRIAL JUDGES OF THE TAX COURT.

(a) Retirement and Recall for Special Trial Judges.—Part I of subchapter C of chapter 76 is amended by inserting after section 7447 the following new section:

“SEC. 7447A. RETIREMENT FOR SPECIAL TRIAL JUDGES.

“(a) In General.—

“(1) Retirement.—Any special trial judge appointed pursuant to section 7443A may retire from service as a special trial judge if the individual meets the age and service requirements set forth in the following table:
“(2) LENGTH OF SERVICE.—In making any determination of length of service as a special trial judge there shall be included all periods (whether or not consecutive) during which an individual served as a special trial judge.

“(b) RETIREMENT UPON DISABILITY.—Any special trial judge appointed pursuant to section 7443A who becomes permanently disabled from performing such individual’s duties shall retire from service as a special trial judge.

“(c) RECALLING OF RETIRED SPECIAL TRIAL JUDGES.—Any individual who has retired pursuant to subsection (a) may be called upon by the chief judge to perform such judicial duties with the Tax Court as may be requested of such individual for a period or periods specified by the chief judge, except that in the case of any such individual—

“(1) the aggregate of such periods in any 1 calendar year shall not (without the consent of such individual) exceed 90 calendar days, and
“(2) such individual shall be relieved of performing such duties during any period in which illness or disability precludes the performance of such duties.

Any act, or failure to act, by an individual performing judicial duties pursuant to this subsection shall have the same force and effect as if it were the act (or failure to act) of a special trial judge. Any individual who is performing judicial duties pursuant to this subsection shall be paid the same compensation (in lieu of retired pay) and allowances for travel and other expenses as a special trial judge.

“(d) RETIRED PAY.—

“(1) IN GENERAL.—Any individual who retires pursuant to subsection (a) and elects under subsection (e) to receive retired pay under this subsection shall receive retired pay during any period of retirement from service as a special trial judge at a rate which bears the same ratio to the rate of the salary payable to a special trial judge during such period as—

“(A) the number of years such individual has served as special trial judge bears to,

“(B) 15,
except that the rate of such retired pay shall not be more than the rate of such salary for such period.

“(2) Retirement upon disability.—Any individual who retires pursuant to subsection (b) and elects under subsection (e) to receive retired pay under this subsection shall receive retired pay during any period of retirement from service as a special trial judge—

“(A) at a rate equal to the rate of the salary payable to a special trial judge during such period, if the individual had at least 10 years of service as a special trial judge before retirement, and

“(B) at a rate equal to \( \frac{1}{2} \) the rate described in subparagraph (A), if the individual had fewer than 10 years of service as a special trial judge before retirement.

“(3) Beginning date and payment.—Retired pay under this subsection shall begin to accrue on the day following the date on which the individual’s salary as a special trial judge ceases to accrue, and shall continue to accrue during the remainder of such individual’s life. Retired pay under this subsection shall be paid in the same manner as the salary of a special trial judge.
“(4) PARTIAL YEARS.—In computing the rate of the retired pay for an individual to whom paragraph (1) applies, any portion of the aggregate number of years such individual has served as a special trial judge which is a fractional part of 1 year shall be eliminated if it is less than 6 months, or shall be counted as a full year if it is 6 months or more.

“(5) RECALLED SERVICE.—In computing the rate of the retired pay for an individual to whom paragraph (1) applies, any period during which such individual performs services under subsection (c) on a substantially full-time basis shall be treated as a period during which such individual has served as a special trial judge.

“(e) ELECTION TO RECEIVE RETIRED PAY.—Any special trial judge may elect to receive retired pay under subsection (d). Such an election—

“(1) may be made only while an individual is a special trial judge (except that in the case of an individual who fails to be reappointed as a special trial judge, such election may be made within 60 days after such individual leaves office as a special trial judge),

“(2) once made, shall be irrevocable, and
“(3) shall be made by filing notice thereof in
writing with the chief judge.

The chief judge shall transmit to the Office of Personnel
Management a copy of each notice filed with the chief
judge under this subsection.

“(f) Other Rules Made Applicable.—The rules
of subsections (f), (g), (h), (i), and (j) of section 7447
shall apply to a special trial judge in the same manner
as a judge of the Tax Court. For purposes of the preceding
sentence, any reference to the President in such sub-
sections shall be applied as if it were a reference to the
chief judge.”.

(b) Conforming Amendments.—

(1) Section 3121(b)(5)(E) is amended by in-
serting “or special trial judge” before “of the United
States Tax Court”.

(2) Section 7448(b)(2) is amended to read as
follows:

“(2) Special Trial Judges.—Any special trial
judge may by written election filed with the chief
judge elect the application of this section. Such elec-
tion shall be filed while such individual is a special
trial judge.”.

(3) Section 210(a)(5)(E) of the Social Security
Act (42 U.S.C. 410(a)(5)(E)) is amended by insert-
ing “or special trial judge” before “of the United States Tax Court”.

(c) Clerical Amendment.—The table of sections for part I of subchapter C of chapter 76 is amended by inserting after the item relating to section 7447 the following new item:

“Sec. 7447A. Retirement for special trial judges.”.

(d) Effective Date.—The amendments made by this section shall take effect on the date of the enactment of this Act.

TITLE XI—REVENUE PROVISIONS

SEC. 1101. SIMPLE AND SEP ROTH IRAS.

(a) In General.—Section 408A is amended by striking subsection (f).

(b) Rules Relating to Simplified Employee Pensions.—

(1) Contributions.—Section 402(h)(1) is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, and”, and by adding at the end the following new subparagraph:

“(C) in the case of any contributions pursuant to a simplified employer pension which are made to an individual retirement plan des-
ignated as a Roth IRA, such contribution shall
not be excludable from gross income.”.

(2) DISTRIBUTIONS.—Section 402(h)(3) is
amended by inserting “, or section 408A(d) in the
case of an individual retirement plan designated as
a Roth IRA” before the period at the end.

(3) ELECTION REQUIRED.—Section 408(k) is
amended by redesignating paragraphs (7), (8), and
(9) as paragraphs (8), (9), and (10), respectively,
and by inserting after paragraph (6) the following
new paragraph:

“(7) ROTH CONTRIBUTION ELECTION.—An in-
dividual retirement plan which is designated as a
Roth IRA shall not be treated as a simplified em-
ployee pension under this subsection unless the em-
ployee elects for such plan to be so treated (at such
time and in such manner as the Secretary may pro-
vide).”.

(c) RULES RELATING TO SIMPLE RETIREMENT AC-
COUNTS.—

(1) ELECTION REQUIRED.—Section 408(p), as
amended by this Act, is further amended by adding
at the end the following new paragraph:

“(13) ROTH CONTRIBUTION ELECTION.—An in-
dividual retirement plan which is designated as a
Roth IRA shall not be treated as a simple retirement account under this subsection unless the employee elects for such plan to be so treated (at such time and in such manner as the Secretary may provide).

(2) Rollovers.—Section 408A(e) is amended by adding at the end the following new paragraph:

“(3) Simple Retirement Accounts.—In the case of any payment or distribution out of a simple retirement account (as defined in section 408(p)) with respect to which an election has been made under section 408(p)(13) and to which 72(t)(6)(A) applies, the term ‘qualified rollover contribution’ shall not include any payment or distribution paid into an account other than another simple retirement account (as so defined).”.

(d) Coordination with Roth Contribution Limitation.—Section 408A(c) is amended by adding at the end the following new paragraph:

“(7) Coordination with Limitation for Simple Retirement Plans and SEPs.—In the case of an individual on whose behalf contributions are made to a simple retirement account or a simplified employee pension, the amount described in paragraph (2)(A) shall be increased by an amount equal
to the contributions made on the individual’s behalf to such account or pension for the taxable year, but only to the extent such contributions—

“(A) in the case of a simplified retirement account—

“(i) do not exceed the sum of the dollar amount in effect for the taxable year under section 408(p)(2)(A)(ii) and the employer contribution required under subparagraph (A)(iii) or (B)(i), as the case may be, of section 408(p)(2), and

“(ii) do not cause the elective deferrals (as defined in section 402(g)(3)) on behalf of such individual to exceed the limitation under section 402(g)(1) (taking into account any additional elective deferrals permitted under section 414(v)), or

“(B) in the case of a simplified employee pension, do not exceed the limitation in effect under section 408(j).”.

(e) CONFORMING AMENDMENT.—Section 408A(d)(2)(B) is amended by inserting “, or employer in the case of a simple retirement account (as defined in section 408(p)) or simplified employee pension (as defined in section 408(k)),” after “individual’s spouse”.
(f) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2023.

SEC. 1102. ELECTIVE DEFERRALS GENERALLY LIMITED TO REGULAR CONTRIBUTION LIMIT.

(a) Applicable Employer Plans.—Section 414(v) is amended by adding at the end the following new paragraphs:

“(7) Certain deferrals must be Roth contributions.—

“(A) In general.—Except as provided in subparagraph (C), in the case of an eligible participant whose wages (as defined in section 3121(a)) for the preceding year exceed $100,000, paragraph (1) shall apply only if any additional elective deferrals are designated Roth contributions (as defined in section 402A(e)(1)).

“(B) Roth option.—In the case of an applicable employer plan with respect to which subparagraph (A) applies to any participant for a plan year, paragraph (1) shall not apply to the plan unless the plan provides that any eligible participant may make the participant’s ad-
ditional elective deferrals as designated Roth contributions.

“(C) Exception.—Subparagraph (A) shall not apply in the case of an applicable employer plan described in paragraph (6)(A)(iv).

“(D) Election to change deferrals.—The Secretary may provide by regulations that an eligible participant may elect to change the participant’s election to make additional elective deferrals if the participant’s compensation is determined to exceed the limitation under subparagraph (A) after the election is made.

“(8) No recharacterization of excess deferrals.—If the elective deferrals for any year of an eligible participant to which paragraph (7)(A) applies exceed any applicable limitation under this title (without regard to paragraph (1)) or the terms of the plan, such excess shall not be treated as additional elective deferrals to which paragraph (1) applies.”.

(b) Conforming Amendments.—

(1) Section 402(g)(1) is amended by striking subparagraph (C).
(2) Section 457(e)(18)(A)(ii) is amended by inserting “the lesser of any designated Roth contributions made by the participant to the plan or” before “the applicable dollar amount”.

(c) Effective Date.—The amendments made by this section shall apply to taxable years beginning after December 31, 2023.

SEC. 1103. OPTIONAL TREATMENT OF EMPLOYER MATCHING OR NONELECTIVE CONTRIBUTIONS AS ROTH CONTRIBUTIONS.

(a) In General.—Section 402A(a) is amended by redesignating paragraph (2) as paragraph (4), by striking “and” at the end of paragraph (1), and by inserting after paragraph (1) the following new paragraphs:

“(2) any designated Roth contribution which is made by the employer to the program on the employee’s behalf on account of the employee’s contribution, elective deferral, or (subject to the requirements of section 401(m)(14)) qualified student loan payment shall be treated as a matching contribution for purposes of this chapter, except that such contribution shall not be excludable from gross income,

“(3) any designated Roth contribution which is made by the employer to the program on the employee’s behalf and which is a nonelective contribu-
tion shall be fully vested and shall not be excludable from gross income, and”.

(b) Matching Included in Qualified Roth Contribution Program.—Section 402A(b)(1) is amended—

(1) by inserting “, or to have made on the employee’s behalf,” after “elect to make”, and

(2) by inserting “, or of matching contributions or nonelective contributions which may otherwise be made on the employee’s behalf,” after “otherwise eligible to make”.

(c) Designated Roth Matching Contributions.—Section 402A(c)(1) is amended by inserting “, matching contribution, or nonelective contribution” after “elective deferral”.

(d) Matching Contribution Defined.—Section 402A(e) is amended by adding at the end the following:

“(3) Matching contribution.—The term ‘matching contribution’ means—

“(A) any matching contribution described in section 401(m)(4)(A), and

“(B) any contribution to an eligible deferred compensation plan (as defined in section 457(b)) by an eligible employer described in section 457(e)(1)(A) on behalf of an employee
and on account of such employee’s elective deferral under such plan,
but only if such contribution is fully vested at the time received.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after December 31, 2022.

SEC. 1104. CHARITABLE CONSERVATION EASEMENTS.

(a) IN GENERAL.—Section 170(h) is amended by adding at the end the following new paragraph:

“(7) LIMITATION ON DEDUCTION FOR QUALIFIED CONSERVATION CONTRIBUTIONS MADE BY PASS-THROUGH ENTITIES.—

“(A) IN GENERAL.—A contribution by a partnership (whether directly or as a distributive share of a contribution of another partnership) shall not be treated as a qualified conservation contribution for purposes of this section if the amount of such contribution exceeds 2.5 times the sum of each partner’s relevant basis in such partnership.

“(B) RELEVANT BASIS.—For purposes of this paragraph—

“(i) IN GENERAL.—The term ‘relevant basis’ means, with respect to any partner,
the portion of such partner’s modified basis in the partnership which is allocable (under rules similar to the rules of section 755) to the portion of the real property with respect to which the contribution described in subparagraph (A) is made.

“(ii) MODIFIED BASIS.—The term ‘modified basis’ means, with respect to any partner, such partner’s adjusted basis in the partnership as determined—

“(I) immediately before the contribution described in subparagraph (A),

“(II) without regard to section 752, and

“(III) by the partnership after taking into account the adjustments described in subclauses (I) and (II) and such other adjustments as the Secretary may provide.

“(C) EXCEPTION FOR CONTRIBUTIONS OUTSIDE 3-YEAR HOLDING PERIOD.—Subparagraph (A) shall not apply to any contribution which is made at least 3 years after the latest of—
“(i) the last date on which the partnership that made such contribution acquired any portion of the real property with respect to which such contribution is made,

“(ii) the last date on which any partner in the partnership that made such contribution acquired any interest in such partnership, and

“(iii) if the interest in the partnership that made such contribution is held through 1 or more partnerships—

“(I) the last date on which any such partnership acquired any interest in any other such partnership, and

“(II) the last date on which any partner in any such partnership acquired any interest in such partnership.

“(D) Exception for Family Partnerships.—

“(i) In general.—Subparagraph (A) shall not apply with respect to any contribution made by any partnership if substantially all of the partnership interests in
such partnership are held, directly or indirectly, by an individual and members of the family of such individual.

“(ii) Members of the family.—For purposes of this subparagraph, the term ‘members of the family’ means, with respect to any individual—

“(I) the spouse of such individual, and

“(II) any individual who bears a relationship to such individual which is described in subparagraphs (A) through (G) of section 152(d)(2).

“(E) Application to other pass-through entities.—Except as may be otherwise provided by the Secretary, the rules of this paragraph shall apply to S corporations and other pass-through entities in the same manner as such rules apply to partnerships.

“(F) Regulations.—The Secretary shall prescribe such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this paragraph, including regulations or other guidance—
“(i) to require reporting, including reporting related to tiered partnerships and the modified basis of partners, and “(ii) to prevent the avoidance of the purposes of this paragraph.”.

(b) Application of Accuracy-Related Penalties.—

(1) In general.—Section 6662(b) is amended by inserting after paragraph (9) the following new paragraph:

“(10) Any disallowance of a deduction by reason of section 170(h)(7).”.

(2) Treatment as gross valuation misstatement.—Section 6662(h)(2) is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting “, and”, and by adding at the end the following new subparagraph:

“(D) any disallowance of a deduction described in subsection (b)(10).”.

(3) No reasonable cause exception.—Section 6664(c)(2) is amended by inserting “or to any disallowance of a deduction described in section 6662(b)(10)” before the period at the end.
(4) Approval of assessment not required.—Section 6751(b)(2)(A) is amended by striking “subsection (b)(9)” and inserting “paragraph (9) or (10) of subsection (b)”.

(c) Extension of Statute of Limitations for Listed Transactions.—Any contribution described in section 170(h)(7)(A) of the Internal Revenue Code of 1986 (as added by this section) shall be treated for purposes of sections 6501(c)(10) and 6235(e)(6) of such Code as a transaction specifically identified by the Secretary as a tax avoidance transaction for purposes of section 6011 of such Code.

(d) Effective Date.—

(1) In general.—The amendments made by this section shall apply to contributions made after the date of the enactment of this Act.

(2) No inference.—No inference is intended as to the appropriate treatment of contributions made in taxable years ending on or before the date specified in paragraph (1), or as to any activity not described in section 170(h)(7) of the Internal Revenue Code of 1986, as added by this section.