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

IN THE HOUSE OF REPRESENTATIVES

Mr. Neal (for himself, Mr. Brady, Mr. Kind, and Mr. Kelly of Pennsylvania) introduced the following bill; which was referred to the Committee on__

A BILL

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

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

SECTION 1. SHORT TITLE, ETC.

(a) Short Title.—This Act may be cited as the “Setting Every Community Up for Retirement Enhancement Act of 2019”.

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

(Original Signature of Member)
Sec. 1. Short title, etc.

TITLE I—EXPANDING AND PRESERVING RETIREMENT SAVINGS

Sec. 101. Increase in 10 percent cap for automatic enrollment safe harbor after 1st plan year.
Sec. 102. Rules relating to election of safe harbor 401(k) status.
Sec. 103. Increase in credit limitation for small employer pension plan startup costs.
Sec. 104. Small employer automatic enrollment credit.
Sec. 105. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes.
Sec. 106. Repeal of maximum age for traditional IRA contributions.
Sec. 107. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements.
Sec. 108. Portability of lifetime income options.
Sec. 109. Treatment of custodial accounts on termination of section 403(b) plans.
Sec. 110. Clarification of retirement income account rules relating to church-controlled organizations.
Sec. 111. Qualified cash or deferred arrangements must allow long-term employees working more than 500 but less than 1,000 hours per year to participate.
Sec. 112. Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption.
Sec. 113. Increase in age for required beginning date for mandatory distributions.
Sec. 114. Special rules for minimum funding standards for community newspaper plans.
Sec. 115. Treating excluded difficulty of care payments as compensation for determining retirement contribution limitations.

TITLE II—ADMINISTRATIVE IMPROVEMENTS

Sec. 201. Plan adopted by filing due date for year may be treated as in effect as of close of year.
Sec. 203. Disclosure regarding lifetime income.
Sec. 204. Fiduciary safe harbor for selection of lifetime income provider.
Sec. 205. Modification of nondiscrimination rules to protect older, longer service participants.

TITLE III—OTHER BENEFITS

Sec. 301. Benefits provided to volunteer firefighters and emergency medical responders.
Sec. 302. Expansion of section 529 plans.

TITLE IV—REVENUE PROVISIONS

Sec. 401. Modifications of required distribution rules for designated beneficiaries.
Sec. 402. Increase in penalty for failure to file.
Sec. 403. Increased penalties for failure to file retirement plan returns.
Sec. 404. Increase information sharing to administer excise taxes.
TITLE I—EXPANDING AND PRESERVING RETIREMENT SAVINGS

SEC. 101. INCREASE IN 10 PERCENT CAP FOR AUTOMATIC ENROLLMENT SAFE HARBOR AFTER 1ST PLAN YEAR.

(a) In General.—Section 401(k)(13)(C)(iii) of the Internal Revenue Code of 1986 is amended by striking “does not exceed 10 percent” and inserting “does not exceed 15 percent (10 percent during the period described in subclause (I))”.

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

SEC. 102. RULES RELATING TO ELECTION OF SAFE HARBOR 401(k) STATUS.

(a) Limitation of Annual Safe Harbor Notice to Matching Contribution Plans.—

(1) In General.—Subparagraph (A) of section 401(k)(12) of the Internal Revenue Code of 1986 is amended by striking “if such arrangement” and all that follows and inserting “if such arrangement—

“(i) meets the contribution requirements of subparagraph (B) and the notice requirements of subparagraph (D), or
“(ii) meets the contribution requirements of subparagraph (C).”.

(2) AUTOMATIC CONTRIBUTION ARRANGEMENTS.—Subparagraph (B) of section 401(k)(13) of such Code is amended by striking “means” and all that follows and inserting “means a cash or deferred arrangement—

“(A) which is described in subparagraph (D)(i)(I) and meets the applicable requirements of subparagraphs (C) through (E), or

“(B) which is described in subparagraph (D)(i)(II) and meets the applicable requirements of subparagraphs (C) and (D).”.

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

“(F) TIMING OF PLAN AMENDMENT FOR EMPLOYER MAKING NONELECTIVE CONTRIBUTIONS.—

“(i) IN GENERAL.—Except as provided in clause (ii), a plan may be amended after the beginning of a plan year to provide that the requirements of subpara-
(C) shall apply to the arrangement for the plan year, but only if the amend-
ment is adopted—

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

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

“(ii) Exception where plan provided for matching contributions.—
Clause (i) shall not apply to any plan year if the plan provided at any time during the plan year that the requirements of sub-
paragraph (B) or paragraph (13)(D)(i)(I) applied to the plan year.

“(iii) 4-percent contribution requirement.—Clause (i)(II) shall not apply to an arrangement unless the amount of the contributions described in subparagraph (C) which the employer is required to make under the arrangement for the plan year with respect to any em-
ployee is an amount equal to at least 4 percent of the employee’s compensation.”.

(c) AUTOMATIC CONTRIBUTION ARRANGEMENTS.—

Section 401(k)(13) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“(F) TIMING OF PLAN AMENDMENT FOR EMPLOYER MAKING NONELECTIVE CONTRIBUTIONS.—

“(i) IN GENERAL.—Except as provided in clause (ii), a plan may be amended after the beginning of a plan year to provide that the requirements of subparagraph (D)(i)(II) shall apply to the arrangement for the plan year, but only if the amendment is adopted—

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

“(II) at any time before the last day under paragraph (8)(A) for distributing excess contributions for the plan year.

“(ii) EXCEPTION WHERE PLAN PROVIDED FOR MATCHING CONTRIBUTIONS.—

Clause (i) shall not apply to any plan year
if the plan provided at any time during the plan year that the requirements of subparagraph (D)(i)(I) or paragraph (12)(B) applied to the plan year.

“(iii) 4-PERCENT CONTRIBUTION REQUIREMENT.—Clause (i)(II) shall not apply to an arrangement unless the amount of the contributions described in subparagraph (D)(i)(II) which the employer is required to make under the arrangement for the plan year with respect to any employee is an amount equal to at least 4 percent of the employee’s compensation.”.

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

SEC. 103. INCREASE IN CREDIT LIMITATION FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS.

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

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

“(B) the lesser of—

“(i) $250 for each employee of the eligible employer who is not a highly compensated employee (as defined in section 414(q)) and who is eligible to participate in the eligible employer plan maintained by the eligible employer, or

“(ii) $5,000, and”.

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

SEC. 104. SMALL EMPLOYER AUTOMATIC ENROLLMENT CREDIT.

(a) In General.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

“SEC. 45T. AUTO-ENROLLMENT OPTION FOR RETIREMENT SAVINGS OPTIONS PROVIDED BY SMALL EMPLOYERS.

“(a) In General.—For purposes of section 38, in the case of an eligible employer, the retirement auto-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 an eligible automatic contribution arrangement (as defined in section 414(w)(3)) in a qualified employer plan (as defined in section 4972(d)) sponsored 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 arrangement 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).”.

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

“(33) in the case of an eligible employer (as defined in section 45T(c)), the retirement auto-enrollment credit determined under section 45T(a).”.

(c) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 45S the following new item:

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

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

SEC. 105. CERTAIN TAXABLE NON-TUITION FELLOWSHIP AND STIPEND PAYMENTS TREATED AS COMPENSATION FOR IRA PURPOSES.

(a) In General.—Paragraph (1) of section 219(f) of the Internal Revenue Code of 1986 is amended by adding at the end the following: “The term ‘compensation’ shall include any amount which is included in the individual’s gross income and paid to the individual to aid the individual in the pursuit of graduate or postdoctoral study.”.
(b) **Effective Date.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2019.

**SEC. 106. REPEAL OF MAXIMUM AGE FOR TRADITIONAL IRA CONTRIBUTIONS.**

(a) **In General.**—Paragraph (1) of section 219(d) of the Internal Revenue Code of 1986 is repealed.

(b) **Conforming Amendment.**—Subsection (c) of section 408A of the Internal Revenue Code of 1986 is amended by striking paragraph (4) and by redesignating paragraphs (5), (6), and (7) as paragraphs (4), (5), and (6), respectively.

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

**SEC. 107. QUALIFIED EMPLOYER PLANS PROHIBITED FROM MAKING LOANS THROUGH CREDIT CARDS AND OTHER SIMILAR ARRANGEMENTS.**

(a) **In General.**—Paragraph (2) of section 72(p) of the Internal Revenue Code of 1986 is amended by redesignating subparagraph (D) as subparagraph (E) and by inserting after subparagraph (C) the following new subparagraph:

"(D) Prohibition of loans through credit cards and other similar arrangements:"
MENTS.—Subparagraph (A) shall not apply to any loan which is made through the use of any credit card or any other similar arrangement.”.

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

SEC. 108. PORTABILITY OF LIFETIME INCOME OPTIONS.

(a) IN GENERAL.—Subsection (a) of section 401 of the Internal Revenue Code of 1986 is amended by inserting after paragraph (37) the following new paragraph:

“(38) PORTABILITY OF LIFETIME INCOME.—

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

“(i) qualified distributions of a lifetime income investment, or

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

on or after the date that is 90 days prior to the date on which such lifetime income investment is no longer authorized to be held as an investment option under the plan.
“(B) DEFINITIONS.—For purposes of this subsection—

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

“(ii) the term ‘lifetime income investment’ means an investment option which is designed to provide an employee with election rights—

“(I) which are not uniformly available with respect to other investment options under the plan, and

“(II) which are to a lifetime income feature available through a contract or other arrangement offered under the plan (or under another eligible retirement plan (as so defined), if paid by means of a direct trustee-to-trustee transfer described in paragraph (31)(A) to such other eligible retirement plan),

“(iii) the term ‘lifetime income feature’ means—
“(I) a feature which guarantees a minimum level of income annually (or more frequently) for at least the remainder of the life of the employee or the joint lives of the employee and the employee’s designated beneficiary, or

“(II) an annuity payable on behalf of the employee under which payments are made in substantially equal periodic payments (not less frequently than annually) over the life of the employee or the joint lives of the employee and the employee’s designated beneficiary, and

“(iv) the term ‘qualified plan distribution annuity contract’ means an annuity contract purchased for a participant and distributed to the participant by a plan or contract described in subparagraph (B) of section 402(c)(8) (without regard to clauses (i) and (ii) thereof).”.

(b) CASH OR DEFERRED ARRANGEMENT.—

(1) IN GENERAL.—Clause (i) of section 401(k)(2)(B) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of subclause
(IV), by striking “and” at the end of subclause (V) and inserting “or”, and by adding at the end the following new subclause:

“(VI) except as may be otherwise provided by regulations, with respect to amounts invested in a lifetime income investment (as defined in subsection (a)(38)(B)(ii)), the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the arrangement, and”.

(2) DISTRIBUTION REQUIREMENT.—Subparagraph (B) of section 401(k)(2) of such Code, as amended by paragraph (1), is amended by striking “and” at the end of clause (i), by striking the semicolon at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

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

(c) SECTION 403(b) PLANS.—

(1) ANNUITY CONTRACTS.—Paragraph (11) of
section 403(b) of the Internal Revenue Code of 1986
is amended by striking “or” at the end of subpara-
graph (B), by striking the period at the end of sub-
paragraph (C) and inserting “, or”, and by inserting
after subparagraph (C) the following new subpara-
graph:

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

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

“(ii) in the form of a qualified dis-
tribution (as defined in section
401(a)(38)(B)(i)) or a qualified plan dis-
tribution annuity contract (as defined in
section 401(a)(38)(B)(iv)).”.
(2) CUSTODIAL ACCOUNTS.—Subparagraph (A) of section 403(b)(7) of such Code is amended by striking “if—” and all that follows and inserting “if the amounts are to be invested in regulated investment company stock to be held in that custodial account, and under the custodial account—

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

“(I) the employee dies,

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

“(III) the employee has a severance from employment,

“(IV) the employee becomes disabled (within the meaning of section 72(m)(7)),

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

“(VI) except as may be otherwise provided by regulations, with respect
to amounts invested in a lifetime income investment (as defined in section 401(a)(38)(B)(ii)), the date that is 90 days prior to the date that such lifetime income investment may no longer be held as an investment option under the contract, and

“(ii) in the case of amounts described in clause (i)(VI), such amounts will be distributed only in the form of a qualified distribution (as defined in section 401(a)(38)(B)(i)) or a qualified plan distribution annuity contract (as defined in section 401(a)(38)(B)(iv)).”.

(d) ELIGIBLE DEFERRED COMPENSATION PLANS.—

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

“(iv) except as may be otherwise provided by regulations, in the case of a plan maintained by an employer described in subsection (c)(1)(A), with respect to amounts invested in a lifetime income in-
vestment (as defined in section
401(a)(38)(B)(ii)), the date that is 90
days prior to the date that such lifetime
income investment may no longer be held
as an investment option under the plan,”.

(2) DISTRIBUTION REQUIREMENT.—Paragraph
(1) of section 457(d) of such Code 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 inserting after sub-
paragraph (C) the following new subparagraph:

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

(e) EFFECTIVE DATE.—The amendments made by
this section shall apply to plan years beginning after De-
cember 31, 2019.
SEC. 109. TREATMENT OF CUSTODIAL ACCOUNTS ON TERMINATION OF SECTION 403(b) PLANS.

Not later than six months after the date of enactment of this Act, the Secretary of the Treasury shall issue guidance to provide that, if an employer terminates the plan under which amounts are contributed to a custodial account under subparagraph (A) of section 403(b)(7), the plan administrator or custodian may distribute an individual custodial account in kind to a participant or beneficiary of the plan and the distributed custodial account shall be maintained by the custodian on a tax-deferred basis as a section 403(b)(7) custodial account, similar to the treatment of fully-paid individual annuity contracts under Revenue Ruling 2011–7, until amounts are actually paid to the participant or beneficiary. The guidance shall provide further (i) that the section 403(b)(7) status of the distributed custodial account is generally maintained if the custodial account thereafter adheres to the requirements of section 403(b) that are in effect at the time of the distribution of the account and (ii) that a custodial account would not be considered distributed to the participant or beneficiary if the employer has any material retained rights under the account (but the employer would not be treated as retaining material rights simply because the custodial account was originally opened under a group
contract). Such guidance shall be retroactively effective for taxable years beginning after December 31, 2008.

SEC. 110. CLARIFICATION OF RETIREMENT INCOME ACCOUNT RULES RELATING TO CHURCH-CONTROLLED ORGANIZATIONS.

(a) In General.—Subparagraph (B) of section 403(b)(9) of the Internal Revenue Code of 1986 is amended by inserting “(including an employee described in section 414(e)(3)(B))” after “employee described in paragraph (1)”.

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

SEC. 111. QUALIFIED CASH OR DEFERRED ARRANGEMENTS MUST ALLOW LONG-TERM EMPLOYEES WORKING MORE THAN 500 BUT LESS THAN 1,000 HOURS PER YEAR TO PARTICIPATE.

(a) Participation Requirement.—

(1) In General.—Section 401(k)(2)(D) of the Internal Revenue Code of 1986 is amended to read as follows:

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

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

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

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

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

“(A) AGE REQUIREMENT MUST BE MET.—
Paragraph (2)(D)(ii) shall not apply to an em-
ployee unless the employee has met the require-
ment of section 410(a)(1)(A)(i) by the close of
the last of the 12-month periods described in
such paragraph.

“(B) NONDISCRIMINATION AND TOP-
HEAVY RULES NOT TO APPLY.—
“(i) Nondiscrimination rules.—In the case of employees who are eligible to participate in the arrangement solely by reason of paragraph (2)(D)(ii)—

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

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

“(ii) Top-heavy rules.—An employer may elect to exclude all employees who are eligible to participate in a plan maintained by the employer solely by reason of paragraph (2)(D)(ii) from the application of the vesting and benefit requirements under subsections (b) and (c) of section 416.
“(iii) VESTING.—For purposes of determining whether an employee described in clause (i) has a nonforfeitable right to employer contributions (other than contributions described in paragraph (3)(D)(i)) under the arrangement, each 12-month period for which the employee has at least 500 hours of service shall be treated as a year of service.

“(iv) EMPLOYEES WHO BECOME FULL-TIME EMPLOYEES.—This subparagraph shall cease to apply to any employee as of the first plan year beginning after the plan year in which the employee meets the requirements of section 410(a)(1)(A)(ii) without regard to paragraph (2)(D)(ii).

“(C) EXCEPTION FOR EMPLOYEES UNDER COLLECTIVELY BARGAINED PLANS, ETC.—Paragraph (2)(D)(ii) shall not apply to employees described in section 410(b)(3).

“(D) SPECIAL RULES.—

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

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

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

SEC. 112. PENALTY-FREE WITHDRAWALS FROM RETIREMENT PLANS FOR INDIVIDUALS IN CASE OF BIRTH OF CHILD OR ADOPTION.

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

“(H) DISTRIBUTIONS FROM RETIREMENT PLANS IN CASE OF BIRTH OF CHILD OR ADOPTION.—

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

“(ii) LIMITATION.—The aggregate amount which may be treated as qualified
birth or adoption distributions by any individual with respect to any birth or adoption shall not exceed $5,000.

“(iii) QUALIFIED BIRTH OR ADOPTION DISTRIBUTION.—For purposes of this subparagraph—

“(I) IN GENERAL.—The term ‘qualified birth or adoption distribution’ means any distribution from an applicable eligible retirement plan to an individual if made during the 1-year period beginning on the date on which a child of the individual is born or on which the legal adoption by the individual of an eligible adoptee is finalized.

“(II) ELIGIBLE ADOPTEE.—The term ‘eligible adoptee’ means any individual (other than a child of the taxpayer’s spouse) who has not attained age 18 or is physically or mentally incapable of self-support.

“(iv) TREATMENT OF PLAN DISTRIBUTIONS.—
“(I) IN GENERAL.—If a distribution to an individual would (without regard to clause (ii)) be a qualified birth or adoption distribution, a plan shall not be treated as failing to meet any requirement of this title merely because the plan treats the distribution as a qualified birth or adoption 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 $5,000.

“(II) CONTROLLED GROUP.—For purposes of subclause (I), the term ‘controlled group’ means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414.

“(v) AMOUNT DISTRIBUTED MAY BE REPAID.—

“(I) IN GENERAL.—Any individual who receives a qualified birth or adoption distribution may make
one or more contributions in an aggregate amount not to exceed the amount of such distribution to an 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 qualified birth or adoption 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 a qualified birth or adoption 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 a qualified birth or adoption distribution 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 defined benefit plan.

“(II) Exemption of distributions from trustee to trustee transfer and withholding rules.—For purposes of sections 401(a)(31), 402(f), and 3405, a quali-
fied birth or adoption distribution

shall not be treated as an eligible rollover distribution.

“(III) TAXPAYER MUST INCLUDE TIN.—A distribution shall not be treated as a qualified birth or adoption distribution with respect to any child or eligible adoptee unless the taxpayer includes the name, age, and TIN of such child or eligible adoptee on the taxpayer’s return of tax for the taxable year.

“(IV) DISTRIBUTIONS TREATED AS MEETING PLAN DISTRIBUTION REQUIREMENTS.—Any qualified birth or adoption distribution shall be treated as meeting the requirements of sections 401(k)(2)(B)(i), 403(b)(7)(A)(ii), 403(b)(11), and 457(d)(1)(A).”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2019.
SEC. 113. INCREASE IN AGE FOR REQUIRED BEGINNING DATE FOR MANDATORY DISTRIBUTIONS.

(a) In General.—Section 401(a)(9)(C)(i)(I) of the Internal Revenue Code of 1986 is amended by striking “age 70 1⁄2” and inserting “age 72”.

(b) Spouse Beneficiaries; Special Rule for Owners.—Subparagraphs (B)(iv)(I) and (C)(ii)(I) of section 401(a)(9) of such Code are each amended by striking “age 70 1⁄2” and inserting “age 72”.

(e) Actuarial Adjustment.—Section 401(a)(9)(C)(iii) of such Code is amended by striking “age 70 1⁄2” each place it appears and inserting “age 72”.

(d) Conforming Amendments.—

(1) The last sentence of section 408(b) of such Code is amended by striking “age 70 1⁄2” and inserting “age 72”.

(2) Section 457(d)(1)(A)(i) of such Code is amended by striking “age 70 1⁄2” and inserting “age 72”.

(e) Effective Date.—The amendments made by this section shall apply to distributions required to be made after December 31, 2019, with respect to individuals who attain age 70 1⁄2 after such date.
SEC. 114. SPECIAL RULES FOR MINIMUM FUNDING STANDARDS FOR COMMUNITY NEWSPAPER PLANS.

(a) Amendment to Internal Revenue Code of 1986.—Section 430 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

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

“(1) IN GENERAL.—The plan sponsor of a community newspaper plan under which no participant has had the participant’s accrued benefit increased (whether because of service or compensation) after December 31, 2017, may elect to have the alternative standards described in paragraph (3) apply to such plan, and any plan sponsored by any member of the same controlled group.

“(2) ELECTION.—An election under paragraph (1) shall be made at such time and in such manner as prescribed by the Secretary. Such election, once made with respect to a plan year, shall apply to all subsequent plan years unless revoked with the consent of the Secretary.

“(3) ALTERNATIVE MINIMUM FUNDING STANDARDS.—The alternative standards described in this paragraph are the following:

“(A) INTEREST RATES.—
“(i) IN GENERAL.—Notwithstanding subsection (h)(2)(C) and except as provided in clause (ii), the first, second, and third segment rates in effect for any month for purposes of this section shall be 8 percent.

“(ii) NEW BENEFIT ACCRUALS.—Notwithstanding subsection (h)(2), for purposes of determining the funding target and normal cost of a plan for any plan year, the present value of any benefits accrued or earned under the plan for a plan year with respect to which an election under paragraph (1) is in effect shall be determined on the basis of the U.S. Treasury obligation yield curve for the day that is the valuation date of such plan for such plan year.

“(iii) U.S. TREASURY OBLIGATION YIELD CURVE.—For purposes of this subsection, the term ‘U.S. Treasury obligation yield curve’ means, with respect to any day, a yield curve which shall be prescribed by the Secretary for such day on interest-bearing obligations of the United States.
“(B) Shortfall amortization base.—

“(i) Previous shortfall amortization bases.—The shortfall amortization bases determined under subsection (c)(3) for all plan years preceding the first plan year to which the election under paragraph (1) applies (and all shortfall amortization installments determined with respect to such bases) shall be reduced to zero under rules similar to the rules of subsection (c)(6).

“(ii) New shortfall amortization base.—Notwithstanding subsection (c)(3), the shortfall amortization base for the first plan year to which the election under paragraph (1) applies shall be the funding shortfall of such plan for such plan year (determined using the interest rates as modified under subparagraph (A)).

“(C) Determination of shortfall amortization installments.—

“(i) 30-Year period.—Subparagraphs (A) and (B) of subsection (c)(2) shall be applied by substituting ‘30-plan-
year’ for ‘7-plan-year’ each place it appears.

“(ii) No special election.—The election under subparagraph (D) of subsection (c)(2) shall not apply to any plan year to which the election under paragraph (1) applies.

“(D) Exemption from at-risk treatment.—Subsection (i) shall not apply.

“(4) Community newspaper plan.—For purposes of this subsection—

“(A) In general.—The term ‘community newspaper plan’ means a plan to which this section applies maintained by an employer which, as of December 31, 2017—

“(i) publishes and distributes daily, either electronically or in printed form, 1 or more community newspapers in a single State,

“(ii) is not a company the stock of which is publicly traded (on a stock exchange or in an over-the-counter market), and is not controlled, directly or indirectly, by such a company,
“(iii) is controlled, directly or indirectly—

“(I) by 1 or more persons residing primarily in the State in which the community newspaper is published,

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

“(III) by a trust created or organized in the State in which the community newspaper is published, the sole trustees of which are persons described in subclause (I) or (II),

“(IV) by an entity which is described in section 501(c)(3) and exempt from taxation under section 501(a), which is organized and operated in the State in which the community newspaper is published, and the primary purpose of which is to benefit communities in such State, or

“(V) by a combination of persons described in subclause (I), (III), or (IV), and
“(iv) does not control, directly or indirectly, any newspaper in any other State.

“(B) COMMUNITY NEWSPAPER.—The term ‘community newspaper’ means a newspaper which primarily serves a metropolitan statistical area, as determined by the Office of Management and Budget, with a population of not less than 100,000.

“(C) CONTROL.—A person shall be treated as controlled by another person if such other person possesses, directly or indirectly, the power to direct or cause the direction and management of such person (including the power to elect a majority of the members of the board of directors of such person) through the ownership of voting securities.

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

(b) AMENDMENT TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 303 of the Employee Retirement Income Security Act of 1974 (29
U.S.C. 1083) is amended by adding at the end the fol-
lowing new subsection:

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

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

“(2) ELECTION.—An election under paragraph
(1) shall be made at such time and in such manner
as prescribed by the Secretary of the Treasury. Such
election, once made with respect to a plan year, shall
apply to all subsequent plan years unless revoked
with the consent of the Secretary of the Treasury.

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

“(A) INTEREST RATES.—

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

“(ii) New Benefit Accruals.—Not-
withstanding subsection (h)(2), for pur-
poses of determining the funding target
and normal cost of a plan for any plan
year, the present value of any benefits ac-
crued or earned under the plan for a plan
year with respect to which an election
under paragraph (1) is in effect shall be
determined on the basis of the U.S. Treas-
ury obligation yield curve for the day that
is the valuation date of such plan for such
plan year.

“(iii) U.S. Treasury Obligation
Yield Curve.—For purposes of this sub-
section, the term ‘U.S. Treasury obligation
yield curve’ means, with respect to any
day, a yield curve which shall be prescribed
by the Secretary of the Treasury for such
day on interest-bearing obligations of the
United States.

“(B) Shortfall Amortization Base.—
“(i) PREVIOUS SHORTFALL AMORTIZATION BASES.—The shortfall amortization bases determined under subsection (c)(3) for all plan years preceding the first plan year to which the election under paragraph (1) applies (and all shortfall amortization installments determined with respect to such bases) shall be reduced to zero under rules similar to the rules of subsection (c)(6).

“(ii) NEW SHORTFALL AMORTIZATION BASE.—Notwithstanding subsection (c)(3), the shortfall amortization base for the first plan year to which the election under paragraph (1) applies shall be the funding shortfall of such plan for such plan year (determined using the interest rates as modified under subparagraph (A)).

“(C) DETERMINATION OF SHORTFALL AMORTIZATION INSTALLMENTS.—

“(i) 30-YEAR PERIOD.—Subparagraphs (A) and (B) of subsection (c)(2) shall be applied by substituting ‘30-plan-year’ for ‘7-plan-year’ each place it appears.
“(ii) No special election.—The election under subparagraph (D) of subsection (c)(2) shall not apply to any plan year to which the election under paragraph (1) applies.

“(D) Exemption from at-risk treatment.—Subsection (i) shall not apply.

“(4) Community newspaper plan.—For purposes of this subsection—

“(A) In general.—The term ‘community newspaper plan’ means a plan to which this section applies maintained by an employer which, as of December 31, 2017—

“(i) publishes and distributes daily, either electronically or in printed form—

“(I) a community newspaper, or

“(II) 1 or more community newspapers in the same State,

“(ii) is not a company the stock of which is publicly traded (on a stock exchange or in an over-the-counter market), and is not controlled, directly or indirectly, by such a company,

“(iii) is controlled, directly or indirectly—
“(I) by 1 or more persons residing primarily in the State in which the community newspaper is published,

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

“(III) by a trust created or organized in the State in which the community newspaper is published, the sole trustees of which are persons described in subclause (I) or (II),

“(IV) by an entity which is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code, which is organized and operated in the State in which the community newspaper is published, and the primary purpose of which is to benefit communities in such State, or

“(V) by a combination of persons described in subclause (I), (III), or (IV), and
“(iv) does not control, directly or indirectly, any newspaper in any other State.

“(B) COMMUNITY NEWSPAPER.—The term ‘community newspaper’ means a newspaper which primarily serves a metropolitan statistical area, as determined by the Office of Management and Budget, with a population of not less than 100,000.

“(C) CONTROL.—A person shall be treated as controlled by another person if such other person possesses, directly or indirectly, the power to direct or cause the direction and management of such person (including the power to elect a majority of the members of the board of directors of such person) through the ownership of voting securities.

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

“(6) EFFECT ON PREMIUM RATE CALCULATION.—Notwithstanding any other provision of law or any regulation issued by the Pension Benefit
Guaranty Corporation, in the case of a community newspaper plan which elects the application of the alternative standards described in paragraph (3), the additional premium under section 4006(a)(3)(E) shall be determined as if such election had not been made.’’.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years ending after December 31, 2017.

SEC. 115. TREATING EXCLUDED DIFFICULTY OF CARE PAYMENTS AS COMPENSATION FOR DETERMINING RETIREMENT CONTRIBUTION LIMITATIONS.

(a) INDIVIDUAL RETIREMENT ACCOUNTS.—

(1) IN GENERAL.—Section 408(o) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(5) SPECIAL RULE FOR DIFFICULTY OF CARE PAYMENTS EXCLUDED FROM GROSS INCOME.—In the case of an individual who for a taxable year excludes from gross income under section 131 a qualified foster care payment which is a difficulty of care payment, if—

“(A) the deductible amount in effect for the taxable year under subsection (b), exceeds
“(B) the amount of compensation includable in the individual’s gross income for the taxable year, the individual may elect to increase the nondeductible limit under paragraph (2) for the taxable year by an amount equal to the lesser of such excess or the amount so excluded.”.

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

(b) DEFINED CONTRIBUTION PLANS.—

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

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

“(A) IN GENERAL.—For purposes of paragraph (1)(B), in the case of an individual who for a taxable year excludes from gross income under section 131 a qualified foster care payment which is a difficulty of care payment, the participant’s compensation, or earned income, as the case may be, shall be increased by the amount so excluded.
“(B) Contributions allocable to difficulty of care payments treated as after-tax.—Any contribution by the participant which is allowable due to such increase—

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

“(ii) shall not cause a plan (and any arrangement which is part of such plan) to be treated as failing to meet any requirements of this chapter solely by reason of allowing any such contributions.”.

(2) Effective date.—The amendment made by this subsection shall apply to plan years beginning after December 31, 2015.

TITLE II—ADMINISTRATIVE IMPROVEMENTS

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

(a) In general.—Subsection (b) of section 401 of the Internal Revenue Code of 1986 is amended—

(1) by striking “Retroactive Changes in Plan.—A stock bonus” and inserting “Plan Amendments.—
“(1) CERTAIN RETROACTIVE CHANGES IN

PLAN.—A stock bonus”; and

(2) by adding at the end the following new

paragraph:

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

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

SEC. 202. COMBINED ANNUAL REPORT FOR GROUP OF

PLANS.

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

(b) **ADMINISTRATIVE REQUIREMENTS.**—In developing the consolidated return or report under subsection (a), the Secretary of the Treasury and the Secretary of Labor may require such return or report to include any information regarding each plan in the group as such Secretaries determine is necessary or appropriate for the enforcement and administration of the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974.

(c) **PLANS DESCRIBED.**—A group of plans is described in this subsection if all plans in the group—

(1) are individual account plans or defined contribution plans (as defined in section 3(34) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(34)) or in section 414(i) of the Internal Revenue Code of 1986);

(2) have—

(A) the same trustee (as described in section 403(a) of such Act (29 U.S.C. 1103(a)))

(B) the same one or more named fiduciaries (as described in section 402(a) of such Act (29 U.S.C. 1102(a)));
(C) the same administrator (as defined in section 3(16)(A) of such Act (29 U.S.C. 1002(16)(A))) and plan administrator (as defined in section 414(g) of the Internal Revenue Code of 1986); and

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

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

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

(d) CLARIFICATION RELATING TO ELECTRONIC FILING OF RETURNS FOR DEFERRED COMPENSATION PLANS.—

(1) IN GENERAL.—Section 6011(e) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

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

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

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

SEC. 203. DISCLOSURE REGARDING LIFETIME INCOME.

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

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

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

and inserting “diversification, and”; and

(3) by inserting at the end the following:

“(iii) the lifetime income disclosure

described in subparagraph (D)(i).

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

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

“(D) LIFETIME INCOME DISCLOSURE.—

“(i) IN GENERAL.—

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

“(II) LIFETIME INCOME STREAM
EQUIVALENT OF THE TOTAL BEN-
EFITS ACCRUED.—For purposes of this
subparagraph, the term ‘lifetime in-
come stream equivalent of the total
benefits accrued’ means the amount of
monthly payments the participant or
beneficiary would receive if the total
accrued benefits of such participant or
beneficiary were used to provide life-
time income streams described in sub-
clause (III), based on assumptions specified in rules prescribed by the Secretary.

“(III) LIFETIME INCOME STREAMS.—The lifetime income streams described in this subclause are a qualified joint and survivor annuity (as defined in section 205(d)), based on assumptions specified in rules prescribed by the Secretary, including the assumption that the participant or beneficiary has a spouse of equal age, and a single life annuity. Such lifetime income streams may have a term certain or other features to the extent permitted under rules prescribed by the Secretary.

“(ii) MODEL DISCLOSURE.—Not later than 1 year after the date of the enactment of the Setting Every Community Up for Retirement Enhancement Act of 2019, the Secretary shall issue a model lifetime income disclosure, written in a manner so as to be understood by the average plan participant, which—
“(I) explains that the lifetime income stream equivalent is only provided as an illustration;

“(II) explains that the actual payments under the lifetime income stream described in clause (i)(III) which may be purchased with the total benefits accrued will depend on numerous factors and may vary substantially from the lifetime income stream equivalent in the disclosures;

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

“(IV) provides such other similar explanations as the Secretary considers appropriate.

“(iii) ASSUMPTIONS AND RULES.—Not later than 1 year after the date of the enactment of the Setting Every Community Up for Retirement Enhancement Act of 2019, the Secretary shall—

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

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

In prescribing assumptions under subclause (I), the Secretary may prescribe a single set of specific assumptions (in which case the Secretary may issue tables or factors which facilitate such conversions), or ranges of permissible assumptions. To the extent that an accrued benefit is or may be invested in a lifetime income stream described in clause (i)(III), the assumptions prescribed under subclause (I) shall, to the extent appropriate, permit administrators of individual account plans to use the amounts payable under such lifetime income stream as a lifetime income stream equivalent.

“(iv) LIMITATION ON LIABILITY.—No plan fiduciary, plan sponsor, or other person shall have any liability under this title solely by reason of the provision of lifetime income stream equivalents which are de-
derived in accordance with the assumptions and rules described in clause (iii) and which include the explanations contained in the model lifetime income disclosure described in clause (ii). This clause shall apply without regard to whether the provision of such lifetime income stream equivalent is required by subparagraph (B)(iii).

“(v) EFFECTIVE DATE.—The requirement in subparagraph (B)(iii) shall apply to pension benefit statements furnished more than 12 months after the latest of the issuance by the Secretary of—

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

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

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

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

Section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104) is amended by adding at the end the following:

“(e) SAFE HARBOR FOR ANNUITY SELECTION.—
“(1) IN GENERAL.—With respect to the selection of an insurer for a guaranteed retirement income contract, the requirements of subsection (a)(1)(B) will be deemed to be satisfied if a fiduciary—

“(A) engages in an objective, thorough, and analytical search for the purpose of identifying insurers from which to purchase such contracts;

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

“(i) considers the financial capability of such insurer to satisfy its obligations under the guaranteed retirement income contract; and

“(ii) considers the cost (including fees and commissions) of the guaranteed retirement income contract offered by the insurer in relation to the benefits and product features of the contract and administrative services to be provided under such contract; and

“(C) on the basis of such consideration, concludes that—
“(i) at the time of the selection, the insurer is financially capable of satisfying its obligations under the guaranteed retirement income contract; and

“(ii) the relative cost of the selected guaranteed retirement income contract as described in subparagraph (B)(ii) is reasonable.

“(2) Financial capability of the insurer.—A fiduciary will be deemed to satisfy the requirements of paragraphs (1)(B)(i) and (1)(C)(i) if—

“(A) the fiduciary obtains written representations from the insurer that—

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

“(ii) the insurer, at the time of selection and for each of the immediately preceding 7 plan years—

“(I) operates under a certificate of authority from the insurance commissioner of its domiciliary State which has not been revoked or suspended;
“(II) has filed audited financial statements in accordance with the laws of its domiciliary State under applicable statutory accounting principles;

“(III) maintains (and has maintained) reserves which satisfies all the statutory requirements of all States where the insurer does business; and

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

“(iii) the insurer undergoes, at least every 5 years, a financial examination (within the meaning of the law of its domiciliary State) by the insurance commissioner of the domiciliary State (or representative, designee, or other party approved by such commissioner); and

“(iv) the insurer will notify the fiduciary of any change in circumstances occurring after the provision of the representations in clauses (i), (ii), and (iii) which would preclude the insurer from making such representations at the time of
issuance of the guaranteed retirement income contract; and

“(B) after receiving such representations and as of the time of selection, the fiduciary has not received any notice described in subparagraph (A)(iv) and is in possession of no other information which would cause the fiduciary to question the representations provided.

“(3) No requirement to select lowest cost.—Nothing in this subsection shall be construed to require a fiduciary to select the lowest cost contract. A fiduciary may consider the value of a contract, including features and benefits of the contract and attributes of the insurer (including, without limitation, the insurer’s financial strength) in conjunction with the cost of the contract.

“(4) Time of selection.—

“(A) In general.—For purposes of this subsection, the time of selection is—

“(i) the time that the insurer and the contract are selected for distribution of benefits to a specific participant or beneficiary; or

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

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

“(B) Periodic review.—A fiduciary will
be deemed to have conducted the periodic re-
view described in subparagraph (A)(ii) if the fi-
duciary obtains the written representations de-
scribed in clauses (i), (ii), and (iii) of paragraph
(2)(A) from the insurer on an annual basis, un-
less the fiduciary receives any notice described
in paragraph (2)(A)(iv) or otherwise becomes
aware of facts that would cause the fiduciary to
question such representations.

“(5) Limited liability.—A fiduciary which
satisfies the requirements of this subsection shall not
be liable following the distribution of any benefit, or
the investment by or on behalf of a participant or
beneficiary pursuant to the selected guaranteed retirement income contract, for any losses that may result to the participant or beneficiary due to an insurer’s inability to satisfy its financial obligations under the terms of such contract.

“(6) DEFINITIONS.—For purposes of this subsection—

“(A) INSURER.—The term ‘insurer’ means an insurance company, insurance service, or insurance organization, including affiliates of such companies.

“(B) GUARANTEED RETIREMENT INCOME CONTRACT.—The term ‘guaranteed retirement income contract’ means an annuity contract for a fixed term or a contract (or provision or feature thereof) which provides guaranteed benefits annually (or more frequently) for at least the remainder of the life of the participant or the joint lives of the participant and the participant’s designated beneficiary as part of an individual account plan.”.
SEC. 205. MODIFICATION OF NONDISCRIMINATION RULES
TO PROTECT OLDER, LONGER SERVICE PARTICIPANTS.

(a) In general.—Section 401 of the Internal Revenue Code of 1986 is amended—

(1) by redesignating subsection (o) as subsection (p); and

(2) by inserting after subsection (n) the following new subsection:

“(o) Special Rules for Applying Nondiscrimination Rules to Protect Older, Longer Service and Grandfathered Participants.—

“(1) Testing of Defined Benefit Plans with Closed Classes of Participants.—

“(A) Benefits, rights, or features provided to closed classes.—A defined benefit plan which provides benefits, rights, or features to a closed class of participants shall not fail to satisfy the requirements of subsection (a)(4) by reason of the composition of such closed class or the benefits, rights, or features provided to such closed class, if—

“(i) for the plan year as of which the class closes and the 2 succeeding plan years, such benefits, rights, and features satisfy the requirements of subsection
(a)(4) (without regard to this subparagraph but taking into account the rules of subparagraph (I)),

“(ii) after the date as of which the class was closed, any plan amendment which modifies the closed class or the benefits, rights, and features provided to such closed class does not discriminate significantly in favor of highly compensated employees, and

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

“(B) AGGREGATE TESTING WITH DEFINED CONTRIBUTION PLANS PERMITTED ON A BENEFITS BASIS.—

“(i) IN GENERAL.—For purposes of determining compliance with subsection (a)(4) and section 410(b), a defined benefit plan described in clause (iii) may be aggregated and tested on a benefits basis with 1 or more defined contribution plans, including with the portion of 1 or more defined contribution plans which—
“(I) provides matching contributions (as defined in subsection (m)(4)(A)),

“(II) provides annuity contracts described in section 403(b) which are purchased with matching contributions or nonelective contributions, or

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

“(ii) SPECIAL RULES FOR MATCHING CONTRIBUTIONS.—For purposes of clause (i), if a defined benefit plan is aggregated with a portion of a defined contribution plan providing matching contributions—

“(I) such defined benefit plan must also be aggregated with any portion of such defined contribution plan which provides elective deferrals described in subparagraph (A) or (C) of section 402(g)(3), and
“(II) such matching contributions shall be treated in the same manner as nonelective contributions, including for purposes of applying the rules of subsection (I).

“(iii) Plans described.—A defined benefit plan is described in this clause if—

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

“(II) for the plan year as of which the class closes and the 2 succeeding plan years, the plan satisfies the requirements of section 410(b) and subsection (a)(4) (without regard to this subparagraph but taking into account the rules of subparagraph (I)),

“(III) after the date as of which the class was closed, any plan amendment which modifies the closed class or the benefits provided to such closed class does not discriminate significantly in favor of highly compensated employees, and
“(IV) the class was closed before April 5, 2017, or the plan is described in subparagraph (C).

“(C) PLANS DESCRIBED.—A plan is described in this subparagraph if, taking into account any predecessor plan—

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

“(ii) during the 5-year period preceding the date the class is closed, there has not been a substantial increase in the coverage or value of the benefits, rights, or features described in subparagraph (A) or in the coverage or benefits under the plan described in subparagraph (B)(iii) (whichever is applicable).

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

“(i) the number of participants covered by such benefits, rights, or features on the date such period ends is more than 50 percent greater than the number of such participants on the first day of the plan year in which such period began, or

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

“(E) Determination of substantial increase for aggregate testing on benefits basis.—In applying subparagraph (C)(ii) for purposes of subparagraph (B)(iii)(IV), a plan shall be treated as having had a substantial increase in coverage or benefits during the applicable 5-year period only if, during such period—
“(i) the number of participants benefiting under the plan on the date such period ends is more than 50 percent greater than the number of such participants on the first day of the plan year in which such period began, or

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

“(F) CERTAIN EMPLOYEES DISREGARDED.—For purposes of subparagraphs (D) and (E), any increase in coverage or value or in coverage or benefits, whichever is applicable, which is attributable to such coverage and value or coverage and benefits provided to employees—

“(i) who became participants as a result of a merger, acquisition, or similar event which occurred during the 7-year period preceding the date the class is closed, or
“(ii) who became participants by reason of a merger of the plan with another plan which had been in effect for at least 5 years as of the date of the merger,

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

“(G) RULES RELATING TO AVERAGE BENEFIT.—For purposes of subparagraph (E)—

“(i) the average benefit provided to participants under the plan will be treated as having remained the same between the 2 dates described in subparagraph (E)(ii) if the benefit formula applicable to such participants has not changed between such dates, and

“(ii) if the benefit formula applicable to 1 or more participants under the plan has changed between such 2 dates, then the average benefit under the plan shall be considered to have increased by more than 50 percent only if—
“(I) the total amount determined under section 430(b)(1)(A)(i) for all participants benefitting under the plan for the plan year in which the 5-year period described in subparagraph (E) ends, exceeds

“(II) the total amount determined under section 430(b)(1)(A)(i) for all such participants for such plan year, by using the benefit formula in effect for each such participant for the first plan year in such 5-year period,

by more than 50 percent. In the case of a CSEC plan (as defined in section 414(y)), the normal cost of the plan (as determined under section 433(j)(1)(B)) shall be used in lieu of the amount determined under section 430(b)(1)(A)(i).

“(H) TREATMENT AS SINGLE PLAN.—For purposes of subparagraphs (E) and (G), a plan described in section 413(c) shall be treated as a single plan rather than as separate plans maintained by each employer in the plan.
“(I) SPECIAL RULES.—For purposes of subparagraphs (A)(i) and (B)(iii)(II), the following rules shall apply:

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

“(ii) 2 or more plans shall not fail to be eligible to be aggregated and treated as a single plan solely by reason of having different plan years.

“(iii) Changes in the employee population shall be disregarded to the extent attributable to individuals who become employees or cease to be employees, after the date the class is closed, by reason of a merger, acquisition, divestiture, or similar event.

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

The rule of clause (ii) shall also apply for purposes of determining whether plans to which subparagraph (B)(i) applies may be aggregated
and treated as 1 plan for purposes of determining whether such plans meet the requirements of subsection (a)(4) and section 410(b).

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

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

“(ii) subparagraph (A)(ii) or (B)(iii)(III), whichever is applicable, the treatment under subparagraph (A) or (B) of the spun-off plan shall continue with respect to such other employer.

“(2) TESTING OF DEFINED CONTRIBUTION PLANS.—

“(A) TESTING ON A BENEFITS BASIS.—A defined contribution plan shall be permitted to be tested on a benefits basis if—
“(i) such defined contribution plan provides make-whole contributions to a closed class of participants whose accruals under a defined benefit plan have been reduced or eliminated,

“(ii) for the plan year of the defined contribution plan as of which the class eligible to receive such make-whole contributions closes and the 2 succeeding plan years, such closed class of participants satisfies the requirements of section 410(b)(2)(A)(i) (determined by applying the rules of paragraph (1)(I)),

“(iii) after the date as of which the class was closed, any plan amendment to the defined contribution plan which modifies the closed class or the allocations, benefits, rights, and features provided to such closed class does not discriminate significantly in favor of highly compensated employees, and

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

“(B) AGGREGATION WITH PLANS INCLUDING MATCHING CONTRIBUTIONS.—

“(i) IN GENERAL.—With respect to 1 or more defined contribution plans described in subparagraph (A), for purposes of determining compliance with subsection (a)(4) and section 410(b), the portion of such plans which provides make-whole contributions or other nonelective contributions may be aggregated and tested on a benefits basis with the portion of 1 or more other defined contribution plans which—

“(I) provides matching contributions (as defined in subsection (m)(4)(A)),

“(II) provides annuity contracts described in section 403(b) which are purchased with matching contributions or nonelective contributions, or

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

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

“(C) **SPECIAL RULES FOR TESTING DEFINED CONTRIBUTION PLAN FEATURES PROVIDING MATCHING CONTRIBUTIONS TO CERTAIN OLDER, LONGER SERVICE PARTICIPANTS.**—In the case of a defined contribution plan which provides benefits, rights, or features to a closed class of participants whose accruals under a defined benefit plan have been reduced or eliminated, the plan shall not fail to satisfy the requirements of subsection (a)(4) solely by reason of the composition of the closed class or the benefits, rights, or features provided to such closed class if the defined contribution plan and defined benefit plan otherwise meet the requirements of subparagraph (A) but for the fact that the make-whole contributions under the defined contribution plan are made in whole or in part through matching contributions.
“(D) Spun-off Plans.—For purposes of this paragraph, if a portion of a defined contribution plan described in subparagraph (A) or (C) is spun off to another employer, the treatment under subparagraph (A) or (C) of the spun-off plan shall continue with respect to the other employer if such plan continues to comply with the requirements of clauses (ii) (if the original plan was still within the 3-year period described in such clause at the time of the spin off) and (iii) of subparagraph (A), as determined for purposes of subparagraph (A) or (C), whichever is applicable.

“(3) Definitions and Special Rule.—For purposes of this subsection—

“(A) Make-whole Contributions.—Except as otherwise provided in paragraph (2)(C), the term ‘make-whole contributions’ means non-elective allocations for each employee in the class which are reasonably calculated, in a consistent manner, to replace some or all of the retirement benefits which the employee would have received under the defined benefit plan and any other plan or qualified cash or deferred arrangement under subsection (k)(2) if no
change had been made to such defined benefit plan and such other plan or arrangement. For purposes of the preceding sentence, consistency shall not be required with respect to employees who were subject to different benefit formulas under the defined benefit plan.

“(B) REFERENCES TO CLOSED CLASS OF PARTICIPANTS.—References to a closed class of participants and similar references to a closed class shall include arrangements under which 1 or more classes of participants are closed, except that 1 or more classes of participants closed on different dates shall not be aggregated for purposes of determining the date any such class was closed.

“(C) HIGHLY COMPENSATED EMPLOYEE.—The term ‘highly compensated employee’ has the meaning given such term in section 414(q).”.

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

“(I) PROTECTED PARTICIPANTS.—
“(i) IN GENERAL.—A plan shall be deemed to satisfy the requirements of sub-
paragraph (A) if—

“(I) the plan is amended—

“(aa) to cease all benefit accruals, or

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

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

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

“(ii) PLANS DESCRIBED.—A plan is described in this clause if the plan would be described in subsection (o)(1)(C), as ap-
plied for purposes of subsection (o)(1)(B)(iii)(IV) and by treating the effective date of the amendment as the date the class was closed for purposes of subsection (o)(1)(C).
“(iii) Special rules.—For purposes of clause (i)(II), in applying section 410(b)(6)(C), the amendments described in clause (i) shall not be treated as a significant change in coverage under section 410(b)(6)(C)(i)(II).

“(iv) Spun-off plans.—For purposes of this subparagraph, if a portion of a plan described in clause (i) is spun off to another employer, the treatment under clause (i) of the spun-off plan shall continue with respect to the other employer.”.

(c) Effective Date.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act, without regard to whether any plan modifications referred to in such amendments are adopted or effective before, on, or after such date of enactment.

(2) Special rules.—

(A) Election of earlier application.—At the election of the plan sponsor, the amendments made by this section shall apply to plan years beginning after December 31, 2013.
(B) Closed classes of participants.—For purposes of paragraphs (1)(A)(iii), (1)(B)(iii)(IV), and (2)(A)(iv) of section 401(o) of the Internal Revenue Code of 1986 (as added by this section), a closed class of participants shall be treated as being closed before April 5, 2017, if the plan sponsor’s intention to create such closed class is reflected in formal written documents and communicated to participants before such date.

(C) Certain post-enactment plan amendments.—A plan shall not be treated as failing to be eligible for the application of section 401(o)(1)(A), 401(o)(1)(B)(iii), or 401(a)(26) of such Code (as added by this section) to such plan solely because in the case of—

(i) such section 401(o)(1)(A), the plan was amended before the date of the enactment of this Act to eliminate 1 or more benefits, rights, or features, and is further amended after such date of enactment to provide such previously eliminated benefits, rights, or features to a closed class of participants, or
(ii) such section 401(o)(1)(B)(iii) or section 401(a)(26), the plan was amended before the date of the enactment of this Act to cease all benefit accruals, and is further amended after such date of enactment to provide benefit accruals to a closed class of participants.

Any such section shall only apply if the plan otherwise meets the requirements of such section and in applying such section, the date the class of participants is closed shall be the effective date of the later amendment.

**TITLE III—OTHER BENEFITS**

**SEC. 301. BENEFITS PROVIDED TO VOLUNTEER FIREFIGHTERS AND EMERGENCY MEDICAL RESPONDERS.**

(a) **INCREASE IN DOLLAR LIMITATION ON QUALIFIED PAYMENTS.**—Subparagraph (B) of section 139B(c)(2) of the Internal Revenue Code of 1986 is amended by striking “$30” and inserting “$50”.

(b) **EXTENSION.**—Section 139B(d) of the Internal Revenue Code of 1986 is amended by striking “beginning after December 31, 2010.” and inserting “beginning—“(1) after December 31, 2010, and before January 1, 2020, or
“(2) after December 31, 2020.”.

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

SEC. 302. EXPANSION OF SECTION 529 PLANS.

(a) Distributions for Certain Expenses Associated With Registered Apprenticeship Programs.—Section 529(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(8) Treatment of Certain Expenses Associated with Registered Apprenticeship Programs.—Any reference in this subsection to the term ‘qualified higher education expense’ shall include a reference to expenses for fees, books, supplies, and equipment required for the participation of a designated beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act (29 U.S.C. 50).”

(b) Distributions for Certain Homeschooling Expenses.—Section 529(c)(7) of such Code is amended by striking “include a reference to” and all that follows and inserting: “include a reference to—
“(A) expenses for tuition in connection with enrollment or attendance of a designated beneficiary at an elementary or secondary public, private, or religious school, and

“(B) expenses, with respect to a designated beneficiary, for—

“(i) curriculum and curricular materials,

“(ii) books or other instructional materials,

“(iii) online educational materials,

“(iv) tuition for tutoring or educational classes outside of the home (but only if the tutor or class instructor is not related (within the meaning of section 152(d)(2)) to the student),

“(v) dual enrollment in an institution of higher education, and

“(vi) educational therapies for students with disabilities,

in connection with a homeschool (whether treated as a homeschool or a private school for purposes of applicable State law).”.

(c) DISTRIBUTIONS FOR QUALIFIED EDUCATION LOAN REPAYMENTS.—
IN GENERAL.—Section 529(c) of such Code, as amended by subsection (a), is amended by adding at the end the following new paragraph:

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

“(A) IN GENERAL.—Any reference in this subsection to the term ‘qualified higher education expense’ shall include a reference to amounts paid as principal or interest on any qualified education loan (as defined in section 221(d)) of the designated beneficiary or a sibling of the designated beneficiary.

“(B) LIMITATION.—The amount of distributions treated as a qualified higher education expense under this paragraph with respect to the loans of any individual shall not exceed $10,000 (reduced by the amount of distributions so treated for all prior taxable years).

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

“(i) SEPARATE ACCOUNTING.—For purposes of subparagraph (B) and subsection (d), amounts treated as a qualified higher education expense with respect to the loans of a sibling of the designated
beneficiary shall be taken into account with respect to such sibling and not with respect to such designated beneficiary.

“(ii) Sibling defined.—For purposes of this paragraph, the term ‘sibling’ means an individual who bears a relationship to the designated beneficiary which is described in section 152(d)(2)(B).”.

(2) Coordination with deduction for student loan interest.—Section 221(e)(1) of such Code is amended by adding at the end the following: “The deduction otherwise allowable under subsection (a) (prior to the application of subsection (b)) to the taxpayer for any taxable year shall be reduced (but not below zero) by so much of the distributions treated as a qualified higher education expense under section 529(c)(9) with respect to loans of the taxpayer as would be includible in gross income under section 529(c)(3)(A) for such taxable year but for such treatment.”.

(d) Distributions for certain elementary and secondary school expenses in addition to tuition.—Section 529(e)(7)(A) of such Code, as amended by subsection (b), is amended to read as follows:
“(A) expenses described in section 530(b)(3)(A)(i) in connection with enrollment or attendance of a designated beneficiary at an elementary or secondary public, private, or religious school, and”.

(e) EFFECTIVE DATES.—The amendments made by this section shall apply to distributions made after December 31, 2018.

TITLE IV—REVENUE PROVISIONS

SEC. 401. MODIFICATIONS OF REQUIRED DISTRIBUTION RULES FOR DESIGNATED BENEFICIARIES.

(a) Modification of Rules Where Employee Dies Before Entire Distribution.—

(1) In general.—Section 401(a)(9) of the Internal Revenue Code of 1986 is amended by adding at the end the following new subparagraph

“(H) Special rules for certain defined contribution plans.—In the case of a defined contribution plan, if an employee dies before the distribution of the employee’s entire interest—

“(i) In general.—Except in the case of a beneficiary who is not a designated beneficiary, subparagraph (B)(ii)—
“(I) shall be applied by substituting ‘10 years’ for ‘5 years’, and
“(II) shall apply whether or not distributions of the employee’s interests have begun in accordance with subparagraph (A).

“(ii) Exception only for eligible designated beneficiaries.—Subparagraph (B)(iii) shall apply only in the case of an eligible designated beneficiary.

“(iii) Rules upon death of eligible designated beneficiary.—If an eligible designated beneficiary dies before the portion of the employee’s interest to which this subparagraph applies is entirely distributed, the exception under clause (iii) shall not apply to any beneficiary of such eligible designated beneficiary and the remainder of such portion shall be distributed within 10 years after the death of such eligible designated beneficiary.

“(iv) Application to eligible retirement plans.—For purposes of applying the provisions of this subparagraph in determining the amounts required to be
distributed pursuant to this paragraph, all
eligible retirement plans (as defined in sec-
section 402(c)(8)(B)) other than a defined
benefit plan shall be treated as a defined
contribution plan.”.

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

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

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

“(ii) **ELIGIBLE DESIGNATED BENEFICIARY.**—The term ‘eligible designated beneficiary’ means, with respect to any employee, any designated beneficiary who is—

“(I) the surviving spouse of the employee,

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

“(iii) the—
“(III) disabled (within the meaning of section 72(m)(7)),

“(IV) a chronically ill individual (within the meaning of section 7702B(c)(2), except that the requirements of subparagraph (A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature), or

“(V) an individual not described in any of the preceding subclauses who is not more than 10 years younger than the employee.

“(iii) SPECIAL RULE FOR CHILDREN.—Subject to subparagraph (F), an individual described in clause (ii)(II) shall cease to be an eligible designated beneficiary as of the date the individual reaches majority and any remainder of the portion of the individual’s interest to which sub-
91 paragraph (H)(ii) applies shall be distrib-
uted within 10 years after such date.

“(iv) Time for determination of
eligible designated beneficiary.—
The determination of whether a designated
beneficiary is an eligible designated bene-
ficiary shall be made as of the date of
death of the employee.”.

(3) Effective dates.—

(A) In general.—Except as provided in
this paragraph and paragraphs (4) and (5), the
amendments made by this subsection shall
apply to distributions with respect to employees
who die after December 31, 2019.

(B) Collective bargaining excep-
tion.—In the case of a plan maintained pursu-
ant to 1 or more collective bargaining agree-
ments between employee representatives and 1
or more employers ratified before the date of
enactment of this Act, the amendments made
by this subsection shall apply to distributions
with respect to employees who die in calendar
years beginning after the earlier of—

(i) the later of—
(I) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof agreed to on or after the date of the enactment of this Act), or

(II) December 31, 2019, or


For purposes of clause (i)(I), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

(C) GOVERNMENTAL PLANS.—In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), subparagraph (A) shall be applied by substituting “December 31, 2021” for “December 31, 2019”.

(4) EXCEPTION FOR CERTAIN EXISTING ANNUITY CONTRACTS.—

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

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

(i) which is a commercial annuity (as
defined in section 3405(e)(6) of the Internal
Revenue Code of 1986);

(ii) under which the annuity payments
are made over the life of the employee or
over the joint lives of such employee and a
designated beneficiary (or over a period
not extending beyond the life expectancy of
such employee or the joint life expectancy
of such employee and a designated bene-
ficiary) in accordance with the regulations
described in section 401(a)(9)(A)(ii) of
such Code (as in effect before such amend-
ments) and which meets the other require-
ments of section 401(a)(9) of such Code
(as so in effect) with respect to such pay-
ments; and

(iii) with respect to which—
(I) annuity payments to the employee have begun before the date of enactment of this Act, and the employee has made an irrevocable election before such date as to the method and amount of the annuity payments to the employee or any designated beneficiaries; or

(II) if subclause (I) does not apply, the employee has made an irrevocable election before the date of enactment of this Act as to the method and amount of the annuity payments to the employee or any designated beneficiaries.

(5) EXCEPTION FOR CERTAIN BENEFICIARIES.—

(A) IN GENERAL.—If an employee dies before the effective date, then, in applying the amendments made by this subsection to such employee’s designated beneficiary who dies after such date—

(i) such amendments shall apply to any beneficiary of such designated beneficiary; and
(ii) the designated beneficiary shall be treated as an eligible designated beneficiary for purposes of applying section 401(a)(9)(H)(ii) of the Internal Revenue Code of 1986 (as in effect after such amendments).

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

(b) PROVISIONS RELATING TO PLAN AMENDMENTS.—

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

(A) such plan shall be treated as being operated in accordance with the terms of the plan during the period described in paragraph (2)(B)(i); and

(B) except as provided by the Secretary of the Treasury, such 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 Se-
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security Act of 1974 by reason of such amend-
ment.

(2) Amendments to which subsection ap-
plies.—

(A) In general.—This subsection shall
apply to any amendment to any plan or which
is made—

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

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

In the case of a governmental or collectively
bargained plan to which subparagraph (B) or
(C) of subsection (a)(4) applies, clause (ii) shall
be applied by substituting the date which is 2
years after the date otherwise applied under
such clause.

(B) Conditions.—This subsection shall
not apply to any amendment unless—

(i) 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 amendment not required by such legislative or regulatory amendment, the effective date specified by the plan); and

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

the plan is operated as if such plan amendment were in effect; and

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

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

(a) In General.—The second sentence of subsection (a) of section 6651 of the Internal Revenue Code of 1986 is amended by striking “$205” and inserting “$400”.

(b) Inflation Adjustment.—Section 6651(j)(1) of such Code is amended by striking “$205” and inserting “$400”.

(b) Effective Date.—The amendment made by this section shall apply to returns the due date for which (including extensions) is after December 31, 2019.
SEC. 403. INCREASED PENALTIES FOR FAILURE TO FILE RETIREMENT PLAN RETURNS.

(a) In General.—Subsection (e) of section 6652 of the Internal Revenue Code of 1986 is amended—

(1) by striking “$25” and inserting “$105”;
and

(2) by striking “$15,000” and inserting “$50,000”.

(b) Annual Registration Statement and Notification of Changes.—Subsection (d) of section 6652 of the Internal Revenue Code of 1986 is amended—

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

(2) by striking “$5,000” in paragraph (1) and inserting “$10,000”; and

(3) by striking “$1,000” in paragraph (2) and inserting “$5,000”.

(c) Failure To Provide Notice.—Subsection (h) of section 6652 of the Internal Revenue Code of 1986 is amended—

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

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

(d) Effective Date.—The amendments made by this subsection shall apply to returns, statements, and no-
notifications required to be filed, and notices required to be provided, after December 31, 2019.

SEC. 404. INCREASE INFORMATION SHARING TO ADMINISTER EXCISE TAXES.

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

“(3) Taxes imposed by section 4481.—Returns and return information with respect to taxes imposed by section 4481 shall be open to inspection by or disclosure to officers and employees of United States Customs and Border Protection of the Department of Homeland Security whose official duties require such inspection or disclosure for purposes of administering such section.”.

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