116TH CONGRESS
2D SESSION

H. R. ______

To increase retirement savings, simplify and clarify retirement plan rules, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Neal (for himself and Mr. Brady) introduced the following bill; which was referred to the Committee on ____________________

A BILL

To increase retirement savings, simplify and clarify retirement plan rules, 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; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Securing a Strong Retirement Act of 2020”.

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

Sec. 1. Short title; table of contents.

TITLE I—EXPANDING COVERAGE AND INCREASING RETIREMENT SAVINGS
Sec. 101. Expanding automatic enrollment in retirement plans.
Sec. 102. Modification of credit for small employer pension plan startup costs.
Sec. 103. Simplification and increase in Saver’s Credit.
Sec. 104. Enhancement of 403(b) plans.
Sec. 105. Increase in age for required beginning date for mandatory distributions.
Sec. 106. Deferral of tax for certain sales of employer stock to employee stock ownership plan sponsored by an S corporation.
Sec. 107. Indexing IRA catch-up limit.
Sec. 108. Higher catch-up limit to apply at age 60.
Sec. 109. Multiple employer 403(b) plans.
Sec. 110. Treatment of student loan payments as elective deferrals for purposes of matching contributions.
Sec. 111. Application of credit for small employer pension plan startup costs to employers which join an existing plan.
Sec. 112. Military spouse retirement plan eligibility credit for small employers.
Sec. 113. Small immediate financial incentives for contributing to a plan.
Sec. 114. Safe harbor for corrections of employee elective deferral failures.
Sec. 115. One-year reduction in period of service requirement for long-term, part-time workers.
Sec. 116. Governmental pension plans may include certain firefighters, emergency medical technicians, and paramedics.

TITLE II—PRESERVATION OF INCOME
Sec. 201. Remove required minimum distribution barriers for life annuities.
Sec. 202. Qualifying longevity annuity contracts.
Sec. 203. Insurance-dedicated exchange-traded funds.

TITLE III—SIMPLIFICATION AND CLARIFICATION OF RETIREMENT PLAN RULES
Sec. 301. Recovery of retirement plan overpayments.
Sec. 302. Reduction in excise tax on certain accumulations in qualified retirement plans.
Sec. 303. Performance benchmarks for asset allocation funds.
Sec. 304. Review and report to the Congress relating to reporting and disclosure requirements.
Sec. 305. Eliminating unnecessary plan requirements related to unenrolled participants.
Sec. 306. Retirement savings lost and found.
Sec. 307. Exemption from required minimum distribution rules for individuals with certain account balances.
Sec. 308. Expansion of Employee Plans Compliance Resolution System.
Sec. 309. Eliminate the “first day of the month” requirement for governmental section 457(b) plans.
Sec. 310. One-time election for qualified charitable distribution to split-interest entity; increase in qualified charitable distribution limitation.
Sec. 311. Retirement plan distributions for charitable purpose.
Sec. 312. Distributions to firefighters.
Sec. 313. Exclusion of certain disability-related first responder retirement payments.
Sec. 314. Individual retirement plan statute of limitations for excise tax on excess contributions, certain accumulations, and prohibited transactions.
Sec. 315. Requirement to provide paper statements in certain cases.
TITLE IV—TECHNICAL AMENDMENTS


TITLE V—ADMINISTRATIVE PROVISIONS


TITLE I—EXPANDING COVERAGE AND INCREASING RETIREMENT SAVINGS

SEC. 101. EXPANDING AUTOMATIC ENROLLMENT IN RETIREMENT PLANS.

(a) In general.—Subpart B of part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 414 the following new section:

“SEC. 414A. REQUIREMENTS RELATED TO AUTOMATIC ENROLLMENT.

“(a) In general.—Except as otherwise provided in this section—

“(1) an arrangement shall not be treated as a qualified cash or deferred arrangement described in section 401(k) or as a qualified salary reduction arrangement described in section 408(p) unless such arrangement meets the automatic enrollment requirements of subsection (b), and

“(2) an annuity contract otherwise described in section 403(b)(1) which is purchased under a salary reduction agreement shall not be treated as de-
scribed in such section unless such agreement meets
the automatic enrollment requirements of subsection
(b).

“(b) AUTOMATIC ENROLLMENT REQUIREMENTS.—

“(1) IN GENERAL.—An arrangement or agree-
ment meets the requirements of this subsection if
such arrangement or agreement is an eligible auto-
matic contribution arrangement (as defined in sec-
tion 414(w)(3)) which meets the requirements of
paragraphs (2) through (4).

“(2) ALLOWANCE OF PERMISSIBLE WITH-
DRAWALS.—An eligible automatic contribution ar-
rangement meets the requirements of this paragraph
if such arrangement allows employees to make per-
missible withdrawals (as defined in section
414(w)(2)).

“(3) MINIMUM CONTRIBUTION PERCENTAGE.—
An eligible automatic contribution arrangement
meets the requirements of this paragraph if—

“(A) the uniform percentage of compensa-
tion contributed by the participant under such
arrangement during the first year of participa-
tion is not less than 3 percent and not more
than 10 percent (unless the participant specifi-
cally elects not to have such contributions made
or to have such contributions made at a different percentage), and

“(B) such uniform percentage is increased by 1 percentage point for each year of participation under such arrangement (but not above 10 percent) unless the participant specifically elects not to have such contributions made or to have such contributions made at a different percentage.

“(4) INVESTMENT REQUIREMENTS.—An eligible automatic contribution arrangement meets the requirements of this paragraph if amounts contributed pursuant to such arrangement, and for which no investment is elected by the participant, are invested consistent with the requirements of section 2550.404c-5 of title 29, Code of Federal Regulations (or any successor regulations).

“(c) EXCEPTIONS.—For purposes of this section—

“(1) EXCEPTION FOR PLANS OR ARRANGEMENTS ESTABLISHED BEFORE ENACTMENT OF SECTION.—Subsection (a) shall not apply to—

“(A) any qualified cash or deferred arrangement or qualified salary reduction arrangement established before the date of the enactment of this section, or
“(B) any annuity contract purchased under a plan established before the date of the enactment of this section.

“(2) Exception for governmental and church plans.—Subsection (a) shall not apply to any governmental plan (within the meaning of section 414(d)) or any church plan (within the meaning of section 414(e)).

“(3) Exception for new businesses.—Subsection (a) shall not apply to—

“(A) any qualified cash or deferred arrangement or qualified salary reduction arrangement established while all employers maintaining the plan (and any predecessor employers) have been in existence for less than 3 years, or

“(B) any annuity contract purchased under a plan established while all employers maintaining such plan have been in existence for less than 3 years.

“(4) Exception for small businesses.—Subsection (a) shall not apply to—

“(A) any qualified cash or deferred arrangement or qualified salary reduction arrangement if such arrangement is established
not later than 1 year after the close of the last
taxable year with respect to which all employers
maintaining the plan normally employed 10 or
fewer employees on a typical business day, or
“(B) any annuity contract purchased
under a plan established not later than 1 year
after the close of the last taxable year with re-
spect to which all employers maintaining such
plan normally employed 10 or fewer employees
on a typical business day.”.

(b) Clerical Amendment.—The table of sections
for subpart B of part I of subchapter D of chapter 1 of
the Internal Revenue Code of 1986 is amended by insert-
ing after the item relating to section 414 the following
new item:
“Sec. 414A. Requirements related to automatic enrollment.”.

(e) Effective Date.—The amendments made by
this section shall apply to plan years beginning after De-
cember 31, 2021.

SEC. 102. MODIFICATION OF CREDIT FOR SMALL EM-
PLOYER PENSION PLAN STARTUP COSTS.

(a) Increase in Credit Percentage for Small-
er Employers.—Section 45E(e) of the Internal Revenue
Code of 1986 is amended by adding at the end the fol-
lowing new paragraph:
“(4) Increased Credit for Certain Small Employers.—In the case of an employer which would be an eligible employer under subsection (c) if section 408(p)(2)(C)(i) was applied by substituting ‘50 employees’ for ‘100 employees’, subsection (a) shall be applied by substituting ‘100 percent’ for ‘50 percent’.”.

(b) Additional Credit for Employer Contributions by Certain Small Employers.—Section 45E of such Code is amended by adding at the end the following new subsection:

“(f) Additional Credit for Employer Contributions by Certain Eligible Employers.—

“(1) In General.—In the case of an eligible employer, the credit allowed for the taxable year under subsection (a) (determined without regard to this subsection) shall be increased by an amount equal to the applicable percentage of employer contributions (other than any elective deferrals (as defined in section 402(g)(3)) by the employer to an eligible employer plan (other than a defined benefit plan (as defined in section 414(j))).

“(2) Limitations.—

“(A) Dollar Limitation.—The amount determined under paragraph (1) (before the ap-
plication of subparagraph (B)) with respect to any employee of the employer shall not exceed $1,000.

“(B) Credit phase-in.—In the case of any eligible employer which had for the preceding taxable year more than 50 employees, the amount determined under paragraph (1) (without regard to this subparagraph) shall be reduced by an amount equal to the product of—

“(i) the amount otherwise so determined under paragraph (1), multiplied by

“(ii) a percentage equal to 2 percentage points for each employee of the employer for the preceding taxable year in excess of 50 employees.

“(3) Applicable percentage.—For purposes of this section, the applicable percentage for the taxable year during which the eligible employer plan is established shall be 100 percent, and for taxable years thereafter shall be determined under the following table:

<table>
<thead>
<tr>
<th>Taxable Year Beginning After the Taxable Year During Which Plan Is Established</th>
<th>Applicable Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>100%</td>
</tr>
<tr>
<td>2nd</td>
<td>75%</td>
</tr>
<tr>
<td>3rd</td>
<td>50%</td>
</tr>
</tbody>
</table>
“In the case of the following taxable year beginning after the taxable year during which plan is established:

<table>
<thead>
<tr>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th</td>
</tr>
<tr>
<td>Any taxable year thereafter</td>
</tr>
</tbody>
</table>

“(4) Determination of Eligible Employer;

Number of Employees.—For purposes of this subsection, whether an employer is an eligible employer and the number of employees of an employer shall be determined under the rules of subsection (c), except that paragraph (2) thereof shall only apply to the taxable year during which the eligible employer plan to which this section applies is established.”.

(c) Disallowance of Deduction.—Section 45E(e)(2) of such Code is amended to read as follows:

“(2) Disallowance of Deduction.—No deduction shall be allowed—

“(A) for that portion of the qualified start-up costs paid or incurred for the taxable year which is equal to so much of the portion of the credit determined under subsection (a) as is properly allocable to such costs, and

“(B) for that portion of the employer contributions by the employer for the taxable year which is equal to so much of the credit increase determined under subsection (f) as is properly allocable to such contributions.”.
(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.

SEC. 103. SIMPLIFICATION AND INCREASE IN SAVER'S CREDIT.

(a) IN GENERAL.—Section 25B(a) of the Internal Revenue Code of 1986 is amended by striking “the applicable percentage” and all that follows through “$2,000” and inserting the following: “50 percent of so much of the qualified retirement savings contributions of the eligible individual for the taxable year as does not exceed $3,000”.

(b) INCOME LIMITATION.—Section 25B(b) of such Code is amended to read as follows:

“(b) INCOME LIMITATION.—

“(1) IN GENERAL.—The amount allowable as a credit under subsection (a) for any taxable year (determined without regard to this subsection) shall be reduced (but not below zero) by an amount which bears the same ratio to the amount so allowable (as so determined) as—

“(A) the amount by which the taxpayer’s adjusted gross income exceeds the applicable threshold, bears to

“(B) $20,000.
“(2) APPLICABLE THRESHOLD.—For purposes of this subsection, the applicable threshold is—

“(A) except as provided in subparagraph (B) or (C), $40,000,

“(B) in the case of a joint return, 200 percent of the amount in effect for the taxable year under subparagraph (A), or

“(C) in the case of a head of household, 150 percent of the amount in effect for the taxable year under subparagraph (A).

“(3) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2021, the $40,000 dollar amount in paragraph (2) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2020’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $500.”.
(c) Saver’s Credit.—The heading for section 25B of such Code is amended to read as follows: “SAVER’S CREDIT.”.

(d) Saver’s Credit Promotion.—

(1) In General.—The Secretary of the Treasury (or the Secretary’s delegate) shall take such steps as the Secretary (or delegate) determines are necessary and appropriate to increase public awareness of the credit provided under section 25B of such Code (as amended by this section).

(2) Report.—Not later than 1 year after the date of the enactment of this Act, the Secretary (or delegate) shall submit to Congress a report detailing the steps taken under paragraph (1).

(e) Clerical Amendment.—The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by striking the item relating to section 25B and inserting the following new item:

“Sec. 25B. Saver’s credit.”.

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

SEC. 104. ENHANCEMENT OF 403(b) PLANS.

(a) In General.—

(1) Permitted Investments.—Section 403(b)(7)(A) of the Internal Revenue Code of 1986
is amended by striking “if the amounts are to be in-
vested in regulated investment company stock to be
held in that custodial account” and inserting “if the
amounts are to be held in that custodial account and
invested in regulated investment company stock or a
group trust intended to satisfy the requirements of
Internal Revenue Service Revenue Ruling 81–100
(or any successor guidance)”.

(2) CONFORMING AMENDMENT.—The heading
of paragraph (7) of section 403(b) of such Code is
amended by striking “FOR REGULATED INVESTMENT
COMPANY STOCK”.

(3) EFFECTIVE DATE.—The amendments made
by this subsection shall apply to amounts invested

(b) AMENDMENTS TO THE INVESTMENT COMPANY
ACT OF 1940.—Section 3(c)(11) of the Investment Com-
pany Act of 1940 (15 U.S.C. 80a–3(c)(11)) is amended
to read as follows:

“(11) Any—

“(A) employee’s stock bonus, pension, or
profit-sharing trust which meets the require-
ments for qualification under section 401 of the
Internal Revenue Code of 1986;
“(B) custodial account meeting the requirements of section 403(b)(7) of such Code;

“(C) governmental plan described in section 3(a)(2)(C) of the Securities Act of 1933;

“(D) collective trust fund maintained by a bank consisting solely of assets of one or more

“(i) trusts described in subparagraph (A);

“(ii) government plans described in subparagraph (C);

“(iii) church plans, companies, or accounts that are excluded from the definition of an investment company under paragraph (14) of this subsection; or

“(iv) plans which meet the requirements of section 403(b) of the Internal Revenue Code of 1986 if—

“(I) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.);

“(II) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to
the selection of the plan’s investments among which participants can choose; or

“(III) such plan is a governmental plan (as defined in section 414(d) of such Code); or

“(E) separate account the assets of which are derived solely from—

“(i) contributions under pension or profit-sharing plans which meet the requirements of section 401 of the Internal Revenue Code of 1986 or the requirements for deduction of the employer’s contribution under section 404(a)(2) of such Code;

“(ii) contributions under governmental plans in connection with which interests, participations, or securities are exempted from the registration provisions of section 5 of the Securities Act of 1933 by section 3(a)(2)(C) of such Act;

“(iii) advances made by an insurance company in connection with the operation of such separate account; and

“(iv) contributions to a plan described in subparagraph (D)(iv).”.
(c) Amendments to the Securities Act of 1933.—Section 3(a)(2) of the Securities Act of 1933 (15 U.S.C. 77e(a)(2)) is amended—

(1) by striking “or (D)” and inserting “(D) a plan which meets the requirements of section 403(b) of such Code if (i) such plan is subject to title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), (ii) any employer making such plan available agrees to serve as a fiduciary for the plan with respect to the selection of the plan’s investments among which participants can choose, or (iii) such plan is a governmental plan (as defined in section 414(d) of such Code); or (E)”;

(2) by striking “(C), or (D)” and inserting “(C), (D), or (E)”;

and

(3) by striking “(iii) which is a plan funded” and inserting “(iii) in the case of a plan not described in subparagraph (D), which is a plan funded”.


(1) by striking “or (iv)” and inserting “(iv) a plan which meets the requirements of section 403(b)
of such Code if (I) such plan is subject to title I of
the Employee Retirement Income Security Act of
1974 (29 U.S.C. 1001 et seq.), (II) any employer
making such plan available agrees to serve as a fidu-
ciary for the plan with respect to the selection of the
plan’s investments among which participants can
choose, or (III) such plan is a governmental plan (as
defined in section 414(d) of such Code), or (v)”;
(2) by striking “(ii), or (iii)” and inserting
“(ii), (iii), or (iv)”; and
(3) by striking “(II) is a plan funded” and in-
serting “(II) in the case of a plan not described in
clause (iv), is a plan funded”.

SEC. 105. 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 72” and inserting “age 75”.

(b) Spouse Beneficiaries; Special Rule for
Owners.—Subparagraphs (B)(iv)(I) and (C)(ii)(I) of sec-
tion 401(a)(9) of such Code are each amended by striking
“age 72” and inserting “age 75”.

c) Conforming Amendments.—The last sentence
of section 408(b) of such Code is amended by striking
“age 72” and inserting “age 75”.

(d) **Effective Date.**—The amendments made by this section shall apply to distributions required to be made after December 31, 2020, with respect to individuals who attain age 72 after such date.

**SEC. 106. DEFERRAL OF TAX FOR CERTAIN SALES OF EMPLOYER STOCK TO EMPLOYEE STOCK OWNERSHIP PLAN SPONSORED BY S CORPORAATION.**

(a) **In General.**—Section 1042(e)(1)(A) of the Internal Revenue Code of 1986 is amended by striking “domestic C corporation” and inserting “domestic corporation”.

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

**SEC. 107. INDEXING IRA CATCH-UP LIMIT.**

(a) **In General.**—Subparagraph (C) of section 219(b)(5) of the Internal Revenue Code of 1986 is amended by adding at the end the following new clause:

“(iii) **Indexing of Catch-Up Limitation.**—In the case of any taxable year beginning in a calendar year after 2021, the $1,000 amount under subparagraph (B)(ii) shall be increased by an amount equal to—
“(I) such dollar amount, multiplied by

“(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2020’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

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

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2021.

SEC. 108. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60.

(a) IN GENERAL.—

(1) PLANS OTHER THAN SIMPLE PLANS.—Section 414(v)(2)(B)(i) of the Internal Revenue Code of 1986 is amended by inserting the following before the period: “($10,000, in the case of an eligible participant who has attained age 60 before the close of the taxable year)”.

(2) SIMPLE PLANS.—Section 414(v)(2)(B)(ii) of such Code is amended by inserting the following before the period: “($5,000, in the case of an eligible participant who has attained age 60 before the close of the taxable year)”.

(b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph (C) of section 414(v)(2) of such Code is amended by adding at the end the following: “In the case of a year beginning after December 31, 2021, the Secretary shall adjust annually the $10,000 amount in subparagraph (B)(i) and the $5,000 amount in subparagraph (B)(ii) for increases in the cost-of-living at the same time and in the same manner as adjustments under the preceding sentence; except that the base period taken into account shall be the calendar quarter beginning July 1, 2020.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2020.

SEC. 109. MULTIPLE EMPLOYER 403(b) PLANS.

(a) IN GENERAL.—Section 403(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

“(15) MULTIPLE EMPLOYER PLANS.—

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

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

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

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

(b) Annual Registration for 403(b) Multiple Employer Plan.—Section 6057 of such Code is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

“(g) 403(b) Multiple Employer Plans Treated as One Plan.—In the case of annuity contracts to which this section applies and to which section 403(b) applies by reason of the plan under which such contracts are purchased meeting the requirements of paragraph (15) thereof, such plan shall be treated as a single plan for purposes of this section.”.

(c) Annual Information Returns for 403(b) Multiple Employer Plan.—Section 6058 of the Internal Revenue Code of 1986 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

“(f) 403(b) Multiple Employer Plans Treated as One Plan.—In the case of annuity contracts to which this section applies and to which section 403(b) applies by reason of the plan under which such contracts are purchased meeting the requirements of paragraph (15) there-
of, such plan shall be treated as a single plan for purposes
of this section.”.

(d) Amendments to Employee Retirement In-
come Security Act of 1974.—

(1) Treated as Pooled Employer Plan.—

(A) In general.—Section 3(43)(A) of the
Employee Retirement Income Security Act of
1974 is amended—

(i) in clause (ii), by striking “section
501(a) of such Code or” and inserting
“501(a) of such Code, a plan that consists
of contracts described in section 403(b) of
such Code, or”; and

(ii) in the flush text at the end, by
striking “the plan.” and inserting “the
plan, but such term shall include any pro-
gram (other than a governmental plan)
maintained for the benefit of the employees
of more than 1 employer that consists of
contracts described in section 403(b) of
such Code and that meets the require-
ments of subparagraph (A) or (B) of sec-
tion 413(e)(1) of such Code.”.

(B) Conforming Amendments.—Sec-
sections 3(43)(B)(v)(II) and 3(44)(A)(i)(I) of such
Act are each amended by striking “section 401(a) of such Code or” and inserting “401(a) of such Code, a plan that consists of contracts described in section 403(b) of such Code, or”.

(2) FIDUCIARIES.—Section 3(43)(B)(ii) of such Act is amended—

(A) by striking “trustees meeting the requirements of section 408(a)(2) of the Internal Revenue Code of 1986” and inserting “trustees (or other fiduciaries in the case of a plan that consists of contracts described in section 403(b) of the Internal Revenue Code of 1986) meeting the requirements of section 408(a)(2) of such Code”, and

(B) by striking “holding” and inserting “holding (or causing to be held under the terms of a plan consisting of such contracts)”.

(e) REGULATIONS RELATING TO PLAN TERMINATION.—The Secretary of the Treasury (or the Secretary’s designee) shall prescribe such regulations as may be necessary to clarify the treatment of a plan termination by an employer in the case of plans to which section 403(b)(15) of such Code applies.

(f) MODIFICATION OF MODEL PLAN LANGUAGE.—
(1) **PLAN NOTIFICATIONS.**—The Secretary of the Treasury (or the Secretary’s designee) shall modify the model plan language published under section 413(e)(5) of the Internal Revenue Code of 1986 to include language which notifies participating employers which are exempt from tax under section 501(a) of such Code that the plan is subject to the Employee Retirement Income Security Act of 1974 and that such employer is a plan sponsor with respect to its employees participating in the multiple employer plan and, as such, has certain fiduciary duties with respect to the plan and to its employees.

(2) **MODEL PLANS FOR MULTIPLE EMPLOYER 403(b) NON-GOVERNMENTAL PLANS.**—For plans to which section 403(b)(15)(A) of the Internal Revenue Code of 1986 applies (other than a plan maintained for its employees by a State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing) the Secretary shall publish model plan language similar to model plan language published under section 413(e)(5) of such Code.

(g) **NO INFERENCE WITH RESPECT TO CHURCH PLANS.**—Regarding any application of section 403(b) of the Internal Revenue Code of 1986 to an annuity contract
purchased under a church plan (as defined in section 414(e) of such Code) maintained by more than 1 employer, or to any application of rules similar to section 413(e) of such Code to such a plan, no inference shall be made from section 403(b)(15)(A) of such Code (as added by this Act) not applying to such plans.

(h) Effective Date.—

(1) In general.—The amendments made by this section shall apply to plan years beginning after December 31, 2020.

(2) Rule of construction.—Nothing in the amendments made by subsection (a) shall be construed as limiting the authority of the Secretary of the Treasury or the Secretary’s delegate (determined without regard to such amendment) to provide for the proper treatment of a failure to meet any requirement applicable under such Code with respect to one employer (and its employees) in the case of a plan to which section 403(b)(15) applies.

SEC. 110. TREATMENT OF STUDENT LOAN PAYMENTS AS ELECTIVE DEFERRALS FOR PURPOSES OF MATCHING CONTRIBUTIONS.

(a) In general.—Subparagraph (A) of section 401(m)(4) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of clause (i), by
striking the period at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) subject to the requirements of paragraph (13), any employer contribution made to a defined contribution plan on behalf of an employee on account of a qualified student loan payment.”.

(b) Qualified Student Loan Payment.—Paragraph (4) of section 401(m) of such Code is amended by adding at the end the following new subparagraph:

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

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

“(I) the limitation applicable under section 402(g) for the year (or, if lesser, the employee’s compensation
(as defined in section 415(c)(3)) for
the year), reduced by
“(II) the elective deferrals made
by the employee for such year, and
“(ii) if the employee certifies to the
employer making the matching contribu-
tion under this paragraph that such pay-
ment has been made on such loan.

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

(c) Matching Contributions for Qualified
Student Loan Payments.—Subsection (m) of section
401 of such Code is amended by redesignating paragraph
(13) as paragraph (14), and by inserting after paragraph
(12) the following new paragraph:
“(13) Matching Contributions for Quali-

fied Student Loan Payments.—
“(A) In General.—For purposes of para-
graph (4)(A)(iii), an employer contribution
made to a defined contribution plan on account of a qualified student loan payment shall be treated as a matching contribution for purposes of this title if—

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

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

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

"(iv) the plan provides that matching contributions on account of qualified student loan payments vest in the same manner as matching contributions on account of elective deferrals.

"(B) TREATMENT FOR PURPOSES OF NON-DISCRIMINATION RULES, ETC.—
“(i) Nondiscrimination Rules.—
For purposes of subparagraph (A)(iii), subsection (a)(4), and section 410(b), matching contributions described in paragraph (4)(A)(iii) shall not fail to be treated as available to an employee solely because such employee does not have debt incurred under a qualified education loan (as defined in section 221(d)(1)).

“(ii) Student Loan Payments Not Treated as Plan Contribution.—Except as provided in clause (iii), a qualified student loan payment shall not be treated as a contribution to a plan under this title.

“(iii) Matching Contribution Rules.—Solely for purposes of meeting the requirements of paragraph (11)(B) or (12) of this subsection, or paragraph (11)(B)(i)(II), (12)(B), or (13)(D) of subsection (k), a plan may treat a qualified student loan payment as an elective deferral or an elective contribution, whichever is applicable.”.
(d) **SIMPLE RETIREMENT ACCOUNTS.**—Paragraph
(2) of section 408(p) of such Code is amended by adding
at the end the following new subparagraph:

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

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

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

“(II) any other amounts elected
by the employee under subparagraph
(A)(i)(I) for the year.
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‘(ii) Qualified student loan payment.—For purposes of this subparagraph—

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

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

‘(iii) Applicable rules.—Clause (i) shall apply to an arrangement only if, under the arrangement—

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

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

(e) 403(b) Plans.—Subparagraph (A) of section 403(b)(12) of such Code is amended by adding at the end the following: “The fact that the employer offers matching contributions on account of qualified student loan payments as described in section 401(m)(13) shall not be taken into account in determining whether the arrangement satisfies the requirements of clause (ii) (and any regulation thereunder).”.

(f) 457(b) Plans.—Subsection (b) of section 457 of such Code is amended by adding at the end the following: “A plan which is established and maintained by an employer which is described in subsection (e)(1)(A) shall not be treated as failing to meet the requirements of this subsection solely because the plan, or another plan maintained by the employer which meets the requirements of section 401(a), provides for matching contributions on ac-
count of qualified student loan payments as described in section 401(m)(13).”.

(g) **Regulatory Authority.**—The Secretary shall prescribe regulations for purposes of implementing the amendments made by this section, including regulations—

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

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

(3) promulgating model amendments which plans may adopt to implement matching contributions on such qualified student loan payments for purposes of sections 401(m), 408(p), 403(b), and 457(b) of the Internal Revenue Code of 1986.
(h) **Effective Date.**—The amendments made by this section shall apply to contributions made for years beginning after December 31, 2020.

**SEC. 111. APPLICATION OF CREDIT FOR SMALL EMPLOYER PENSION PLAN STARTUP COSTS TO EMPLOYERS WHICH JOIN AN EXISTING PLAN.**

(a) *In General.*—Section 45E(d)(3)(A) of the Internal Revenue Code of 1986 is amended by striking “effective” and inserting “effective with respect to the eligible employer”.

(b) **Effective Date.**—The amendment made by this section shall apply to eligible employer plans which become effective with respect to the eligible employer after the date of the enactment of this Act.

**SEC. 112. MILITARY SPOUSE RETIREMENT PLAN ELIGIBILITY CREDIT FOR SMALL EMPLOYERS.**

(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. 45U. MILITARY SPOUSE RETIREMENT PLAN ELIGIBILITY CREDIT FOR SMALL EMPLOYERS.**

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

“(1) $250 with respect to each military spouse who is an employee of such employer and who is eligible to participate in an eligible defined contribution plan of such employer at any time during such taxable year, plus

“(2) so much of the contributions made by such employer to all such plans with respect to such employee during such taxable year as do not exceed $250.

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

“(c) ELIGIBLE SMALL EMPLOYER.—For purposes of this section—

“(1) IN GENERAL.—The term ‘eligible small employer’ means an eligible employer (as defined in section 408(p)(2)(C)(i)(I)).

“(2) APPLICATION OF 2-YEAR GRACE PERIOD.—
408(p)(2)(C)(i)(II) shall apply for purposes of this section.

“(d) MILITARY SPOUSE.—For purposes of this section—

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

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

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

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

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

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

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

“(f) AGGREGATION RULE.—All persons treated as a single employer under subsection (b), (c), (m) or (o) of section 414 shall be treated as one employer for purposes of this section.”.
(b) Credit Allowed as Part of General Business Credit.—Section 38(b) of such Code is amended by striking “plus” at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting “, plus”, and by adding at the end the following new paragraph:

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

(c) Clerical Amendment.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

“Sec. 45U. Military spouse retirement plan eligibility credit for small employers.”.

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

SEC. 113. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR CONTRIBUTING TO A PLAN.

(a) In General.—Subparagraph (A) of section 401(k)(4) of the Internal Revenue Code of 1986 is amended by inserting “(other than a de minimis financial incentive)” after “any other benefit”.

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

(e) **EXEMPTION FROM PROHIBITED TRANSACTION RULES.**—Subsection (d) of section 4975 of such Code is amended by striking “or” at the end of paragraph (22), by striking the period at the end of paragraph (23) and inserting “, or”, and by adding at the end the following new paragraph:

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

(d) **AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.**—Subsection (b) of section 408 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(b)) is amended by adding at the end the following new paragraph:

“(21) The provision of a de minimis financial incentive described in section 401(k)(4)(A) or
423(b)(12)(A) of the Internal Revenue Code of 1986.”

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

SEC. 114. SAFE HARBOR FOR CORRECTIONS OF EMPLOYEE ELECTIVE DEFERRAL FAILURES.

(a) IN GENERAL.—Section 414 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(aa) CORRECTING AUTOMATIC CONTRIBUTION ERRORS.—

“(1) IN GENERAL.—Any plan or arrangement shall not fail to be treated as a plan described in sections 401(a), 403(b), 408, or 457(b), as applicable, solely by reason of a corrected error.

“(2) CORRECTED ERROR DEFINED.—For purposes of this subsection, the term ‘corrected error’ means a reasonable administrative error in implementing an automatic enrollment or automatic escalation feature in accordance with the terms of an eligible automatic contribution arrangement (as defined under subsection (w)(3)), provided that such implementation error—
“(A) is corrected by the date that is 9½ months after the end of the plan year during which the failure occurred,

“(B) is corrected in a manner that is favorable to the participant, and

“(C) is of a type which is so corrected for all similarly situated participants in a non-discriminatory manner.

Such correction may occur before or after the participant has terminated employment and may occur without regard to whether the error is identified by the Secretary.

“(3) REGULATIONS AND GUIDANCE FOR FAVORABLE CORRECTION METHODS.—The Secretary shall, by regulations or other guidance of general applicability, specify the correction methods that are in a manner favorable to the participant for purposes of paragraph (2)(B).”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to any errors with respect to which the date referred to in section 414(aa) (as added by this section) is after the date of enactment of this Act.
SEC. 115. ONE-YEAR REDUCTION IN PERIOD OF SERVICE
REQUIREMENT FOR LONG-TERM, PART-TIME WORKERS.

(a) IN GENERAL.—Section 401(k)(2)(D)(ii) of the Internal Revenue Code of 1986 is amended by striking “3” and inserting “2”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the addition of section 401(k)(2)(D)(ii) of such Code by section 112 of the Setting Every Community Up for Retirement Enhancement Act of 2019.

SEC. 116. GOVERNMENTAL PENSION PLANS MAY INCLUDE CERTAIN FIREFIGHTERS, EMERGENCY MEDICAL TECHNICIANS, AND PARAMEDICS.

(a) INTERNAL REVENUE CODE OF 1986.—Section 414(d) of the Internal Revenue Code of 1986 (relating to governmental plans) is amended by adding at the end the following: “The term ‘governmental plan’ also includes a plan which is established by a State or political subdivision thereof and maintained by a public safety agency (described in section 501(e) and exempt from taxation under section 501(a)), and all of the participants of which are employees of such agency who are emergency response providers (defined in section 2 of the Homeland Security Act of 2002 (6 U.S.C. 101)), substantially all of whose services as emergency response providers are in the per-
formance of firefighting services or out-of-hospital emergency medical services for a political subdivision of a State under a contract between such public safety agency and the political subdivision of a State.”.

(b) EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Section 3(32) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(32)) is amended by adding at the end the following: “. The term ‘governmental plan’ also includes a plan which is established by a State or political subdivision thereof and maintained by a public safety agency (described in section 501(c) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code), and all of the participants of which are employees of such agency who are emergency response providers (defined in section 2 of the Homeland Security Act of 2002 (6 U.S.C. 101)), substantially all of whose services as emergency response providers are in the performance of firefighting services or out-of-hospital emergency medical services for a political subdivision of a State under a contract between such public safety agency and the political subdivision of a State.”.
(2) PBGC EXCEPTION.—Section 4021(b)(2) of such Act (29 U.S.C. 1321(b)(2)) is amended by striking “described in the last sentence of section 3(32)” and inserting “described in either of the last two sentences of section 3(32).”.

(c) CONFORMING AMENDMENTS.—

(1) Section 414(h)(2) of the Internal Revenue Code of 1986 is amended by striking “described in the last sentence of section 414(d) (relating to plans of Indian tribal governments)” and inserting “described in either of the last two sentences of subsection (d)”.

(2) Section 415(b)(2)(H)(i) of such Code is amended by adding at the end the following: “or a public safety agency described in the last sentence of section 414(d),”.

(3) Section 415(b)(2)(H)(ii)(I) of such Code is amended by striking “or any political subdivision” and inserting “any political subdivision, or a public safety agency described in the last sentence of section 414(d)”.

(4) Section 415(b)(10)(A) of such Code is amended by striking “described in the last sentence of section 414(d) (relating to plans of Indian tribal
governments)” and inserting “described in either of
the last two sentences of section 414(d)”.

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

TITLE II—PRESERVATION OF
INCOME

SEC. 201. REMOVE REQUIRED MINIMUM DISTRIBUTION
BARRIERS FOR LIFE ANNUITIES.

(a) In General.—Paragraph (9) of section 401(a)
of the Internal Revenue Code of 1986 is amended by add-
ing at the end the following new subparagraph:

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

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

“(ii) a lump sum payment that—

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

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

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

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

(b) REGULATIONS AND ENFORCEMENT.—

(1) REGULATIONS.—By the date that is one year after the date of enactment of this Act, the Secretary of the Treasury shall amend the regulation issued by the Department of the Treasury relating to “Required Distributions from Retirement Plans,” 69 Fed. Reg. 33288 (June 15, 2004), and make any corresponding amendments to other regulations, in order to—

(A) conform such regulations to subsection (a), including by eliminating the types of payments described in subsection (a) from the scope of the requirement in Q&A–14(c) of Treasury Regulation section 1.401(a)(9)–6 that
the total future expected payments must exceed the total value being annuitized;

(B) amend Q&A–14(c) of Treasury Regulation section 1.401(a)(9)–6 to provide that a commercial annuity that provides an initial payment that is at least equal to the initial payment that would be required from an individual account pursuant to Treasury Regulation section 1.401(a)(9)–5 will be deemed to satisfy the requirement in Q&A–14(c) of Treasury Regulation section 1.401(a)(9)–6 that the total future expected payments must exceed the total value being annuitized; and

(C) amend Q&A–14(e)(3) of Treasury Regulation section 1.401(a)(9)–6 to provide that the total future expected payments under a commercial annuity are determined using the tables or other actuarial assumptions that the issuer of the contract actually uses in pricing the premiums and benefits with respect to the contract, provided that such tables or other actuarial assumptions are reasonable.

(2) ENFORCEMENT.—As of the date of enactment of this Act, the Secretary of the Treasury shall
administer and enforce the law in accordance with subsections (a) and (b).

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

SEC. 202. QUALIFYING LONGEVITY ANNUITY CONTRACTS.

(a) In General.—Not later than the date which is 1 year after the date of the enactment of this Act, the Secretary of the Treasury or the Secretary’s delegate (hereafter in this section referred to as the “Secretary”) shall amend the regulation issued by the Department of the Treasury relating to “Longevity Annuity Contracts” (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

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

(2) Increase dollar limitation.—

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

(B) ADJUSTMENTS FOR INFLATION.—The Secretary shall amend Q&A–17(d)(2)(i) of Treasury Regulation section 1.401(a)(9)–6 to provide that, in the case of calendar years beginning on or after January 1 of the second year following the year of enactment of this Act, the $200,000 dollar limitation (as increased by subparagraph (A)) will be adjusted at the same time and in the same manner as the limits are adjusted under section 415(d) of the Internal Revenue Code of 1986, except that the base period shall be the calendar quarter beginning July 1 of the year of enactment of this Act, and any increase to such dollar limitation which is not a multiple of $10,000 will be rounded to the next lowest multiple of $10,000.
(3) FACILITATE JOINT AND SURVIVOR BENEFITS.—The Secretary shall amend Q&A–17(c) of Treasury Regulation section 1.401(a)(9)–6, and make such corresponding changes to the regulations and related forms as are necessary, to provide that, in the case of a qualifying longevity annuity contract which was purchased with joint and survivor annuity benefits for the individual and the individual’s spouse which were permissible under the regulations at the time the contract was originally purchased, a divorce occurring after the original purchase and before the annuity payments commence under the contract will not affect the permissibility of the joint and survivor annuity benefits or other benefits under the contract, or require any adjustment to the amount or duration of benefits payable under the contract, provided that any qualified domestic relations order (within the meaning of section 414(p) of the Internal Revenue Code of 1986) or any divorce or separation instrument (as defined in subsection (b))—

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

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

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

(b) DIVORCE OR SEPARATION INSTRUMENT.—For purposes of subsection (a)(3), the term “divorce or separation instrument” means—

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

(2) a written separation agreement, or

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

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

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

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

(2) ENFORCEMENT AND INTERPRETATIONS.—

Prior to the date on which the Secretary issues final regulations pursuant to subsection (a)—

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

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

SEC. 203. INSURANCE-DEDICATED EXCHANGE-TRADED FUNDS.

(a) IN GENERAL.—Not later than the date which is 1 year after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary’s delegate) shall amend the regulation issued by the Department of the Treasury relating to “Income Tax; Diversification Requirements for Variable Annuity, Endowment, and Life
Insurance Contracts”, 54 Fed. Reg. 8728 (March 2, 1989), and make any necessary corresponding amendments to other regulations, in order to facilitate the use of exchange-traded funds as investment options under variable contracts within the meaning of section 817(d) of the Internal Revenue Code of 1986, in accordance with subsections (b) and (e) of this section.

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

(c) Confirm That Similarities to Other Funds Are Irrelevant.—The Secretary of the Treasury (or the Secretary’s delegate) shall amend Treas. Reg. section 1.817–5(f) to confirm that, for Federal income tax purposes, a regulated investment company, partnership, or trust (including an exchange-traded fund) that satisfies the requirements of Treas. Reg. section 1.817–5(f) (2) and (3) shall not be treated as owned by the holder of a variable contract pursuant to the principles of Rev. Rul.
81–225, 1981–2 C.B. 12, merely because another regulated investment company, partnership, trust, or similar investment vehicle follows the same investment strategy, has the same investment manager, or holds the same investments.

(d) DEFINE RELEVANT TERMS.—In amending Treas. Reg. section 1.817–5(f)(3) in accordance with subsections (b) and (c) of this section, the Secretary of the Treasury (or the Secretary’s delegate) shall provide definitions consistent with the following:

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

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

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

(C) the shares of which are traded throughout the day on a national stock exchange at market prices that may or may not be the same as the net asset value of the shares.
(2) AUTHORIZED PARTICIPANT.—The term “authorized participant” means a financial institution that is a member or participant of a clearing agency registered under section 17A(b) of the Securities Exchange Act of 1934 that enters into a contractual relationship with an exchange-traded fund pursuant to which the financial institution is permitted to purchase and redeem shares directly from the fund and to sell such shares to third parties, but only if the contractual arrangement or applicable law precludes the financial institution from—

(A) purchasing the shares for its own investment purposes rather than for the exclusive purpose of creating and redeeming such shares on behalf of third parties; and

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

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

(e) EFFECTIVE DATES, ENFORCEMENT, AND INTER-
PRETATIONS.—

(1) EFFECTIVE DATES.—

(A) SUBSECTION (b).—Subsection (b), and
the definitions under subsection (d), shall apply
to segregated asset account investments made
on or after the earlier of—

(i) the date that is 18 months after
the date of the enactment of this Act,
or

(ii) the date on which the amend-
ments to regulations under subsection (b)
are made.

(B) SUBSECTION (c).—Subsection (c) shall
apply to taxable years beginning after the date
of the enactment of this Act.

(2) ENFORCEMENT AND INTERPRETATIONS.—
Prior to the date that the Secretary of the Treasury
(or the Secretary’s delegate) issues final regulations
pursuant to this section—
(A) the Secretary (or delegate) shall administer and enforce the law in accordance with this section and the effective dates under paragraph (1), and

(B) taxpayers may rely upon their reasonable good faith interpretations of the preceding subsections of this section.

(3) NO INFERENCE.—Nothing contained in the amendments to regulations pursuant to subsection (c), or the administration and enforcement of such subsection under paragraph (2), shall be construed to create any inference as to a change in law or guidance in effect prior to enactment of this section.

TITLE III—SIMPLIFICATION AND CLARIFICATION OF RETIREMENT PLAN RULES

SEC. 301. RECOVERY OF RETIREMENT PLAN OVERPAYMENTS.

(a) OVERPAYMENTS UNDER INTERNAL REVENUE CODE OF 1986.—

(1) QUALIFICATION REQUIREMENTS.—Section 414 of the Internal Revenue Code of 1986, as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:
“(bb) Special Rules Applicable to Benefit Overpayments.—

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

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

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

“(2) Reduction in future benefit payments and recovery from responsible party.—Paragraph (1) shall not fail to apply to a plan merely because, after discovering a benefit overpayment, such plan—

“(A) reduces future benefit payments to the correct amount provided for under the terms of the plan, or
“(B) seeks recovery from the person or persons responsible for such overpayment.

“(3) **Employer Funding Obligations.**—Nothing in this subsection shall relieve an employer of any obligation imposed on it to make contributions to a plan to meet the minimum funding standards under section 412 or to prevent or restore an impermissible forfeiture in accordance with section 411.

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

“(5) **Coordination with Other Qualification Requirements.**—The Secretary may issue regulations or other guidance of general applicability specifying how benefit overpayments and their recoupment or non-recoupment from a participant or beneficiary shall be taken into account for purposes of satisfying any requirement applicable to a plan to which paragraph (1) applies.”.
(2) ROLLOVERS.—Section 402(c) of such Code is amended by adding at the end the following new paragraph:

“(13) In the case of an inadvertent benefit overpayment from a plan to which section 414(bb)(1) applies which is transferred to an eligible retirement plan by or on behalf of a participant or beneficiary—

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

“(B) the portion of such overpayment with respect to which recoupment is sought on behalf of the plan shall be permitted to be returned to such plan and in such case shall be treated as an eligible rollover distribution transferred to such plan by the participant or beneficiary who received such overpayment (and the plans making and receiving such transfer shall be treated as permitting such transfer).
In any case in which recoupment is sought on behalf of the plan but is disputed by the participant or beneficiary who received such overpayment, such dispute shall be subject to the claims and appeals procedures of the plan that made such overpayment, such plan shall notify the plan receiving the rollover of such dispute, and the plan receiving the rollover shall retain such overpayment on behalf of the participant or beneficiary (and shall be entitled to treat such overpayment as plan assets) pending the outcome of such procedures.”.

(b) OVERPAYMENTS UNDER ERISA.—Section 206 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056) is amended by adding at the end the following new subsection:

“(h) Special Rules Applicable to Benefit Overpayments.—

“(1) General rule.—In the case of an inadvertent benefit overpayment by any pension plan, the responsible plan fiduciary shall not be considered to have failed to comply with the requirements of this title merely because such fiduciary determines, in the exercise of its fiduciary discretion, not to seek recovery of all or part of such overpayment from—

“(A) any participant or beneficiary,
“(B) any plan sponsor of, or contributing employer to—

“(i) an individual account plan, provided that the amount needed to prevent or restore any impermissible forfeiture from any participant’s or beneficiary’s account arising in connection with the overpayment is, separately from and independently of the overpayment, allocated to such account pursuant to the nonforfeitability requirements of section 203 (for example, out of the plan’s forfeiture account, additional employer contributions, or recoveries from those responsible for the overpayment), or

“(ii) a defined benefit pension plan subject to the funding rules in part 3 of this subtitle B, unless the responsible plan fiduciary determines, in the exercise of its fiduciary discretion, that failure to recover all or part of the overpayment faster than required under such funding rules would materially affect the plan’s ability to pay benefits due to other participants and beneficiaries, or
“(C) any fiduciary of the plan, other than
a fiduciary (including a plan sponsor or contrib-
uting employer acting in a fiduciary capacity)
whose breach of its fiduciary duties resulted in
such overpayment, provided that if the plan has
established prudent procedures to prevent and
minimize overpayment of benefits and the rel-
evant plan fiduciaries have followed such proce-
dures, an inadvertent benefit overpayment will
not give rise to a breach of fiduciary duty.

“(2) Reduction in future benefit pay-
ments and recovery from responsible
party.—Paragraph (1) shall not fail to apply with
respect to any inadvertent benefit overpayment
merely because, after discovering such overpayment,
the responsible plan fiduciary—

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

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

“(3) Employer funding obligations.—
Nothing in this subsection shall relieve an employer
of any obligation imposed on it to make contribu-
tions to a plan to meet the minimum funding stand-
ards under part 3 of this subtitle B or to prevent
or restore an impermissible forfeiture in accordance
with section 203.

“(4) Recoupment from Participants and
Beneficiaries.—If the responsible plan fiduciary,
in the exercise of its fiduciary discretion, decides to
seek recoupment from a participant or beneficiary of
all or part of an inadvertent benefit overpayment
made by the plan to such participant or beneficiary,
it may do so, subject to the following conditions:

“(A) No interest or other additional
amounts (such as collection costs or fees) are
sought on overpaid amounts.

“(B) If the plan seeks to recoup past over-
payments of a non-decreasing periodic benefit
by reducing future benefit payments—

“(i) the reduction ceases after the
plan has recovered the full dollar amount
of the overpayment,

“(ii) the amount recouped each cal-
endar year does not exceed 10 percent of
the full dollar amount of the overpayment,
and

“(iii) future benefit payments are not
reduced to below 90 percent of the periodic
amount otherwise payable under the terms of the plan.

Alternatively, if the plan seeks to recoup past overpayments of a non-decreasing periodic benefit through one or more installment payments, the sum of such installment payments in any calendar year does not exceed the sum of the reductions that would be permitted in such year under the preceding sentence.

“(C) If the plan seeks to recoup past overpayments of a benefit other than a non-decreasing periodic benefit, the plan satisfies requirements developed by the Secretary of the Treasury for purposes of this subparagraph.

“(D) Efforts to recoup overpayments are not made through a collection agency or similar third party and such efforts are not accompanied by threats of litigation, unless the responsible plan fiduciary reasonably believes it could prevail in a civil action brought in Federal or State court to recoup the overpayments.

“(E) Recoupment of past overpayments to a participant is not sought from any beneficiary of the participant, including a spouse, surviving spouse, former spouse, or other beneficiary.
“(F) Recoupment may not be sought if the first overpayment occurred more than 3 years before the participant or beneficiary is first notified in writing of the error.

“(G) A participant or beneficiary from whom recoupment is sought is entitled to contest all or part of the recoupment pursuant to the plan’s claims and appeals procedures.

“(H) In determining the amount of recoupment to seek, the responsible plan fiduciary may take into account the hardship that recoupment likely would impose on the participant or beneficiary.

“(5) EFFECT OF CULPABILITY.—Subparagraphs (A) through (F) of paragraph (4) shall not apply to protect a participant or beneficiary who is culpable. For purposes of this paragraph, a participant or beneficiary is culpable if the individual bears responsibility for the overpayment (such as through misrepresentations or omissions that led to the overpayment), or if the individual knew, or had good reason to know under the circumstances, that the benefit payment or payments were materially in excess of the correct amount. Notwithstanding the preceding sentence, an individual is not culpable merely
because the individual believed the benefit payment or payments were or might be in excess of the correct amount, if the individual raised that question with an authorized plan representative and was told the payment or payments were not in excess of the correct amount. With respect to a culpable participant or beneficiary, efforts to recoup overpayments shall not be made through threats of litigation, unless a lawyer for the plan could make the representations required under Rule 11 of the Federal Rules of Civil Procedure if the litigation were brought in Federal court.”.

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

(d) Certain Actions Before Date of Enactment.—Plans, fiduciaries, employers, and plan sponsors are entitled to rely on—

(1) a good faith interpretation of then existing administrative guidance for inadvertent benefit overpayment recoupments and recoveries that commenced before the date of enactment of this Act, and

(2) determinations made before such date of enactment by the responsible plan fiduciary, in the ex-
exercise of its fiduciary discretion, not to seek recoupment or recovery of all or part of an inadvertent benefit overpayment.

In the case of a benefit overpayment that occurred prior to the date of enactment of this Act, any installment payments by the participant or beneficiary to the plan or any reduction in periodic benefit payments to the participant or beneficiary, which were made in recoupment of such overpayment and which commenced prior to such date, may continue after such date. Nothing in this subsection shall relieve a fiduciary from responsibility for an overpayment that resulted from a breach of its fiduciary duties.

SEC. 302. REDUCTION IN EXCISE TAX ON CERTAIN ACCUMULATIONS IN QUALIFIED RETIREMENT PLANS.

(a) In General.—Subsection (a) of section 4974 of the Internal Revenue Code of 1986 is amended by striking “50 percent” and inserting “25 percent”.

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

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

“(1) Reduction.—In the case of a taxpayer who—
“(A) corrects, during the correction window, a shortfall of distributions from an individual retirement plan which resulted in imposition of a tax under subsection (a), and

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

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

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

“(A) the date on which the Secretary initiates an audit, or otherwise demands payment, with respect to the shortfall of distributions, or  

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

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2020.
SEC. 303. PERFORMANCE BENCHMARKS FOR ASSET ALLOCATION FUNDS.

(a) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Secretary of Labor (or the Secretary’s delegate) shall modify the regulations under section 404 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104) to provide that, in the case of a designated investment alternative which contains a mix of asset classes, a plan administrator may, but is not required to, use a benchmark which is a blend of different broad-based securities market indices if—

(1) the blend is reasonably representative of the asset class holdings of the designated investment alternative;

(2) for purposes of determining the blend’s returns for 1-, 5-, and 10-calendar-year periods (or for the life of the alternative, if shorter), the blend is modified at least once per year to reflect changes in the asset class holdings of the designated investment alternative;

(3) the blend is furnished to participants and beneficiaries in a manner that is reasonably designed to be understandable and helpful; and

(4) each securities market index which is used for an associated asset class would separately satisfy
the requirements of such regulations for such asset
class.

(b) STUDY.—Not later than December 31, 2021, the
Secretary of Labor (or the Secretary’s delegate) shall de-
deliver a report to the Committees on Ways and Means and
Education and Labor of the House of Representatives and
the Committees on Finance and Health, Education,
Labor, and Pensions of the Senate regarding the effective-
ness of the benchmarking requirements under section

SEC. 304. REVIEW AND REPORT TO THE CONGRESS RELAT-
ING TO REPORTING AND DISCLOSURE RE-
QUIREMENTS.

(a) STUDY.—As soon as practicable after the date of
the enactment of this Act, the Secretary of Labor, the Sec-
retary of the Treasury, and the Pension Benefit Guaranty
Corporation shall review the reporting and disclosure re-
quirements of—

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

(2) the Internal Revenue Code of 1986 applica-
able to qualified retirement plans (as defined in sec-
tion 4974(c) of such Code without regard to para-
graphs (4) and (5) thereof).
(b) REPORT.—Not later than 18 months after the
date of the enactment of this Act, the Secretary of Labor,
the Secretary of the Treasury, and the Pension Benefit
Guaranty Corporation, jointly, and after consultation with
a balanced group of participant and employer representa-
tives, shall with respect to plans referenced in subsection
(a) report on the effectiveness of the applicable reporting
and disclosure requirements and make such recommenda-
tions as may be appropriate to the appropriate committees
of the Congress to consolidate, simplify, standardize, and
improve such requirements so as to simplify reporting for
such plans and ensure that plans can simply furnish and
participants and beneficiaries timely receive and better un-
derstand the information they need to monitor their plans,
plan for retirement, and obtain the benefits they have
earned. Such report shall assess the extent to which retire-
ment plans are retaining disclosures, work records, and
plan documents that are needed to ensure accurate cal-
culation of future benefits. To assess the effectiveness of
the applicable reporting and disclosure requirements, the
report shall include an analysis, based on plan data, of
how participants and beneficiaries are providing preferred
contact information, the methods by which plan sponsors
and plans are furnishing disclosures, and the rate at which
participants and beneficiaries (grouped by key demo-
graphics) are receiving, accessing, and retaining disclosures. The agencies shall conduct appropriate surveys and data collection to obtain any needed information.

**SEC. 305. ELIMINATING UNNECESSARY PLAN REQUIREMENTS RELATED TO UNENROLLED PARTICIPANTS.**

(a) Amendment of Internal Revenue Code of 1986.—Section 414 of the Internal Revenue Code of 1986, as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subsection:

“(cc) Eliminating Unnecessary Plan Requirements Related to Unenrolled Participants.—

“(1) In general.—Notwithstanding any other provision of this title, with respect to any defined contribution plan, no disclosure, notice, or other plan document (other than the notices and documents described in subparagraphs (A) and (B)) shall be required to be furnished under this title to any unenrolled participant if the unenrolled participant receives—

“(A) in connection with the annual open season election period with respect to the plan or, if there is no such period, within a reasonable period prior to the beginning of each plan
year, an annual reminder notice (in paper format, or in any electronic format consented to by the participant) of such participant’s eligibility to participate in such plan and any applicable election deadlines under the plan, and

“(B) any document requested by such participant which the participant would be entitled to receive without regard to this subsection.

“(2) UNENROLLED PARTICIPANT.—For purposes of this subsection, the term ‘unenrolled participant’ means an employee who—

“(A) is eligible to participate in a defined contribution plan,

“(B) has been furnished all required notices, disclosures, and other plan documents required to be furnished under this title and the summary plan description as provided in section 104(b) of the Employee Retirement Income Security Act of 1974 in connection with such participant’s initial eligibility to participate in such plan,

“(C) is not participating in such plan, and

“(D) does not have a balance in the plan.

For purposes of this subsection, any eligibility to participate in the plan following any period for
which such employee was not eligible to participate
shall be treated as initial eligibility.

“(3) ANNUAL REMINDER NOTICE.—For pur-
poses of this subsection, the term ‘annual reminder
notice’ means the notice described in section 111(c)
of the Employee Retirement Income Security Act of
1974.”.

(b) AMENDMENT OF EMPLOYEE RETIREMENT IN-
COME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Part 1 of subtitle B of sub-
chapter I of the Employee Retirement Income Secu-
rity Act of 1974 is amended by redesignating section
111 as section 112 and by inserting after section
110 the following new section:

“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-
MENTS RELATED TO UNENROLLED PARTICI-
PANTS.

“(a) IN GENERAL.—Notwithstanding any other pro-
vision of this title, with respect to any individual account
plan, no disclosure, notice, or other plan document (other
than the notices and documents described in paragraphs
(1) and (2)) shall be required to be furnished under this
title to any unenrolled participant if the unenrolled partici-
pant receives—
“(1) in connection with the annual open season election period with respect to the plan or, if there is no such period, within a reasonable period prior to the beginning of each plan year, an annual reminder notice of such participant’s eligibility to participate in such plan and any applicable election deadlines under the plan; and

“(2) any document requested by such participant which the participant would be entitled to receive without regard to this section.

“(b) UNENROLLED PARTICIPANT.—For purposes of this section, the term ‘unenrolled participant’ means an employee who—

“(1) is eligible to participate in an individual account plan;

“(2) has received all required notices, disclosures, and other plan documents, including the summary plan description, required to be furnished under this title in connection with such participant’s initial eligibility to participate in such plan;

“(3) is not participating in such plan; and

“(4) does not have a balance in the plan.

For purposes of this section, any eligibility to participate in the plan following any period for which such employee
was not eligible to participate shall be treated as initial eligibility.

“(c) Annual Reminder Notice.—For purposes of this section, the term ‘annual reminder notice’ means a notice provided in accordance with section 2520.104b–1 of title 29, Code of Federal Regulations (or any successor regulation), which—

“(1) is furnished in connection with the annual open season election period with respect to the plan or, if there is no such period, is furnished within a reasonable period prior to the beginning of each plan year;

“(2) notifies the unenrolled participant of—

“(A) the unenrolled participant’s eligibility to participate in the plan; and

“(B) the key benefits under the plan and the key rights and features under the plan affecting such benefits; and

“(3) provides such information in a prominent manner calculated to be understood by the average participant.”.

(2) Clerical Amendment.—The table of contents in section 1 of the Employee Retirement Income Security Act of 1974 is amended by striking the item relating to section 111 and by inserting
after the item relating to section 110 the following new items:

“Sec. 111. Eliminating unnecessary plan requirements related to unenrolled participants.
“Sec. 112. Repeal and effective date.”.

(c) Effective Date.—The amendments made by this section shall apply to plan years beginning after December 31, 2020.

SEC. 306. RETIREMENT SAVINGS LOST AND FOUND.

(a) Retirement Savings Lost and Found.—

(1) Establishment.—

(A) In general.—Not later than 2 years after the date of the enactment of this Act, the Secretary of Labor, the Secretary of the Treasury, and the Secretary of Commerce, in cooperation, shall establish an Office of the Retirement Savings Lost and Found, which shall develop and maintain an online searchable database (to be managed by the Pension Benefit Guaranty Corporation) of unclaimed vested benefits of participants and beneficiaries in plans—

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

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

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

The Retirement Savings Lost and Found established under this paragraph shall contain the information obtained by the corporation from the Internal Revenue Service regarding deferred vested benefits of separated participants and beneficiaries in plans as reported under section 6057(d) of the Internal Revenue Code of 1986, as amended by this subsection, and the infor-
mation on missing participants collected as part of the corporation’s Missing Participant Program established under section 4050 of the Employee Retirement Income Security Act of 1974.

(B) Plans described.—A plan described in this subparagraph is a plan to which the vesting standards of section 203 of part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 apply.

(2) Administration.—The Retirement Savings Lost and Found established under paragraph (1) shall provide individuals described in paragraph (1)(A) only with the ability to view contact information for the plan administrator of any plan with respect to which the individual is a participant or beneficiary, sufficient to allow the individual to locate the individual’s plan in order to recover any benefit owing to the individual under the plan.

(3) Current information.—

(A) In general.—Paragraph (2) of section 6057(a) of the Internal Revenue Code of 1986 is amended—

(i) in subparagraph (C)—
(I) by striking “during such plan year” in clause (i) and inserting “during the plan year immediately preceding such plan year”;

(II) by adding “and” at the end of clause (i); and

(III) by striking clause (iii);

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

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

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

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

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

“(ii) with respect to whom any amount was distributed under section 401(a)(31)(B) during the plan year, or
“(iii) with respect to whom a deferred annuity contract was distributed during the plan year,
“(F) in the case of a participant or former participant to whom subparagraph (E) applies—
“(i) in the case of a participant described in clause (ii) thereof, the name and address of the designated trustee or issuer described in section 401(a)(31)(B)(i) and the account number of the individual retirement plan to which the amount was distributed, and
“(ii) in the case of a participant described in clause (iii) thereof, the name and address of the issuer of such annuity contract and the contract or certificate number, and”.

(B) RULES RELATING TO DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS.—

(i) IN GENERAL.—Paragraph (6) of section 402(e) of such Code is amended—

(I) by striking “TRANSFERS.—Any” and inserting “TRANSFERS.—
“(A) IN GENERAL.—Any”; and
(II) by adding at the end the following new subparagraph:

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

(ii) Penalty.—Subsection (i) of section 6652 of such Code is amended—

(I) by striking “TO RECIPIENTS’’ in the heading and inserting “OR NOTIFICATION’’;

(II) by striking “402(f),’’ and inserting “402(f) or a notification as required by section 402(e)(6)(B),’’; and

(III) by striking “such written explanation’’ and inserting “such written explanation or notification’’.

(iii) Reports.—Subsection (i) of section 408 of such Code is amended—

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

(II) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and by moving such subparagraphs 2 ems to the right;

(III) by striking “as the Secretary prescribes” in subparagraph (B)(ii), as so redesignated, and all that follows through “a simple retirement account” and inserting “as the Secretary prescribes.

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

(IV) by striking “REPORTS.—The trustee of” and inserting “REPORTS.—

“(1) IN GENERAL.—The trustee of”;

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

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

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

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

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

“(C) be filed with the Pension Benefit Guaranty Corporation as well as with the Secretary.”.

(C) NOTIFICATION OF PARTICIPANTS UPON SEPARATION.—Subsection (e) of section 6057 of such Code is amended by inserting “, and a notice of the availability of, and the contact information for, the Retirement Savings Lost and Found established under section 306(a)(1) of
the Securing a Strong Retirement Act of 2020” before the period at the end of the second sentence.

(D) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to distributions made in, and returns and reports relating to, years beginning after the second December 31 occurring after the date of the enactment of this Act.

(4) COORDINATION WITH DISTRIBUTION REQUIREMENTS, FIDUCIARY DUTIES, ETC.—

(A) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—Paragraph (9) of section 401(a) of the Internal Revenue Code of 1986, as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subparagraph:

“(K) COORDINATION WITH RETIREMENT SAVINGS LOST AND FOUND.—

“(i) IN GENERAL.—With respect to any lost or missing participant of a plan, the plan shall not be treated as failing to satisfy the requirements of this paragraph or any other requirement of this title which
cannot be satisfied due to the plan’s inability to locate the participant.

“(ii) Lost or Missing Participant.—For purposes of subclause (i), the term ‘lost or missing participant’ shall be defined in guidance to be issued jointly by the Internal Revenue Service, Department of the Treasury, the Employee Benefits Security Administration, Department of Labor, and the Pension Benefit Guaranty Corporation. Such guidance shall be so issued not later than 1 year after the date of the enactment of this subparagraph.”.

(B) Amendment of Employee Retirement Income Security Act of 1974.—

(i) In general.—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 new subsection:

“(e) Coordination With Retirement Savings Lost and Found.—

“(1) In general.—With respect to any lost or missing participant of a plan, a fiduciary of the plan shall not be treated as failing to satisfy any require-
ment to search for or attempt to locate, or to pro-
vide any document or information to, such indi-
vidual, or any other requirement of this title which
cannot be satisfied due to the plan’s inability to lo-
cate the participant.

“(2) LOST OR MISSING PARTICIPANT.—For
purposes of paragraph (1), the term ‘lost or missing
participant’ shall be defined in guidance to be issued
jointly by the Internal Revenue Service, Department
of the Treasury, the Employee Benefits Security Ad-
ministration, Department of Labor, and the Pension
Benefit Guaranty Corporation.”.

(ii) CONFORMING AMENDMENTS.—
Section 4050(a)(1) of the Employee Re-
tirement Income Security Act of 1974 (29
U.S.C. 1350(a)(1)) is amended in subpara-
graph (B)—

(I) by striking “provides” and in-
serting “either—

“(i) provides”;

(II) by striking the period at the
end and inserting “; or”; and

(III) by adding at the end the
following new clause:
“(ii) satisfies the requirements of section 6057(a) of the Internal Revenue Code of 1986.”.

(5) REQUIREMENT OF ELECTRONIC FILING.—

(A) IN GENERAL.—Paragraph (2) of section 6011(e) of the Internal Revenue Code of 1986 is amended—

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

(ii) by striking “the requirements of such regulations” and all that follows through “the Secretary shall require” and inserting “the requirements of such regulations.

“(B) CERTAIN PARTNERSHIPS.—Notwithstanding subparagraph (A), the Secretary shall require”;

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

“(A) IN GENERAL.—In prescribing”; and

(iv) by adding at the end the following new subparagraph:
“(C) EXCEPTIONS.—Notwithstanding sub-
paragraph (A), the Secretary shall require re-
turns or reports required under—

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

“(ii) sections 408(i), 6041, and 6047
to the extent such return or report relates
to the tax treatment of a distribution from
a plan, account, contract, or annuity,
to be filed on magnetic media, but only with re-
spect to persons who are required to file at
least 50 returns during the calendar year which
includes the first day of the plan year to which
such returns or reports relate.”.

(B) EFFECTIVE DATE.—The amendments
made by this paragraph shall apply to returns
and reports relating to years beginning after
the second December 31 occurring after the
date of the enactment of this Act.

(6) SAFEGUARDING PARTICIPANT PRIVACY AND
SECURITY.—In establishing the Retirement Savings
Lost and Found under paragraph (1), the Secretary
of Labor, the Secretary of Treasury, and the Sec-
retary of Commerce shall take all necessary and
proper precautions to ensure that individuals’ plan
information maintained by the Retirement Savings
Lost and Found is protected and that persons other
than the individual cannot fraudulently claim the
benefits to which any individual is entitled, and to
allow any individual to opt out of inclusion in the
Retirement Savings Lost and Found at the election
of the individual.

(7) AUTHORIZATION OF APPROPRIATIONS.—
There are authorized to be appropriated such sums
as may be necessary to carry out the purposes of
this subsection.

(b) MANDATORY TRANSFERS OF ROLLOVER DIS-
TRIBUTIONS.—

(1) INVESTMENT OPTIONS.—

(A) IN GENERAL.—Subparagraph (B) of
section 404(c)(3) of the Employee Retirement
1104(c)(3)) is amended by striking the period
at the end and inserting “, and, to the extent
the Secretary provides in guidance or regula-
tions issued after the enactment of the Securing
a Strong Retirement Act of 2020, is made to—

“(i) a target date or life cycle fund
held under such account;
“(ii) as described in section 2550.404a–2 of title 29, Code of Federal Regulations, an investment product held under such account designed to preserve principal and provide a reasonable rate of return;

“(iii) the Pension Benefit Guaranty Corporation in accordance with section 401(a)(31)(B)(iv) of the Internal Revenue Code of 1986 and section 306(e)(2)(A)(ii) of the Securing a Strong Retirement Act of 2020; or

“(iv) such other option as the Secretary may so provide.”.

(B) REGULATIONS.—Not later than 270 days after the date of the enactment of this Act, the Secretary of Labor shall promulgate regulations identifying the target date or life cycle funds, or specifying the characteristics of such a fund, that will be deemed to meet the requirements of section 404(c)(3)(B)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)(3)(B)), as amended by subparagraph (A).
(2) EXPANSION OF CAP; AUTHORITY TO TRANSFER LESSER AMOUNTS.—

(A) Cap.—Sections 401(a)(31)(B)(ii) and 411(a)(11)(A) of the Internal Revenue Code of 1986 and section 203(c)(1) of the Employee Retirement Income Security Act of 1974 are each amended by striking &quot;$5,000&quot; and inserting &quot;$6,000&quot;.

(B) DISTRIBUTION OF LARGER AMOUNTS TO INDIVIDUAL RETIREMENT PLANS ONLY.— Section 401(a)(31)(B)(i) of such Code is amended by adding at the end the following:

&quot;The Office of the Retirement Savings Lost and Found established by Section 306 of the Securing a Strong Retirement Act shall not be treated as a trustee or issuer that is eligible to receive such distributions.&quot;.

(C) LESSER AMOUNTS.—Section 401(a)(31)(B) of such Code is amended by adding at the end the following new clauses:

&quot;(iii) TREATMENT OF LESSER AMOUNTS.—In the case of a trust which is part of an eligible plan, such trust shall not be a qualified trust under this section unless such plan provides that, if a partici-
pant in the plan separates from the service covered by the plan and the nonforfeitable accrued benefit described in clause (ii) is not in excess of $1,000, the plan adminis-
trator shall (either separately or as part of the notice under section 402(f)) notify the participant that the participant is entitled to such benefit or attempt to pay the ben-
efit directly to the participant.

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

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

“(II) accept any direct payment made under such clause within 6 months of the attempted payment,
the plan administrator shall transfer the amount of such benefit to the Office of the Retirement Savings Lost and Found in ac-
cordance with section 306(c)(2)(a)(ii) of
the Securing a Strong Retirement Act of
2020.

“(v) INCOME TAX TREATMENT OF
TRANSFERS TO RETIREMENT SAVINGS
LOST AND FOUND.—For purposes of deter-
mining the income tax treatment of trans-
fers to the Office of the Retirement Sav-
ings Lost and Found under clause (iv)—

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

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

(D) EFFECTIVE DATE.—The amendments
made by this paragraph shall apply to vested
benefits with respect to participants who sepa-
rate from service connected to the plan in plan
years beginning after the second December 31
occurring after the date of the enactment of
this Act.
(c) **Office of the Retirement Savings Lost and Found.**—

(1) **In General.**—Not later than one year after the date of the enactment of this Act, the Secretary of Labor, the Secretary of Treasury, and the Secretary of Commerce shall establish within the Pension Benefit Guaranty Corporation an Office of the Retirement Savings Lost and Found to operate in conjunction with section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350).

(2) **Responsibilities of Office.**—

(A) **In General.**—In addition to administering the Retirement Savings Lost and Found under subsection (a) and carrying out the duties described in clauses (ii) and (iii) of subsection (a)(1)(A), the Office of the Retirement Savings Lost and Found established under this section shall—

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

(ii) invest any amount transferred under section 401(a)(31)(B)(iv) of the In-
ternal Revenue Code of 1986 in United States Treasury securities; and

(iii) upon application filed by the participant or beneficiary in such form and manner as may be prescribed in regulations, pay to the participant or beneficiary the amount transferred (or the appropriate survivor benefit) either—

(I) in a single sum (plus interest); or

(II) in such other form as is specified in regulations; and

(iv) identify such amount as eligible to be paid into an eligible retirement plan described in section 402(c)(8)(B) of the Internal Revenue Code of 1986.

(B) OPTION TO CONTRACT.—The Office of the Retirement Savings Lost and Found shall conduct an analysis of the cost effectiveness of contracting with a third party to carry out the responsibilities under subparagraph (A) and, if the Pension Benefit Guaranty Corporation determines that it would be more cost effective to do so than to carry out such responsibilities within the Office of the Retirement Savings
Lost and Found, the Director shall report to the Committees on Finance and Health, Education, Labor, and Pensions of the Senate and the Committees on Ways and Means and Education and Labor of the House of Representatives the intention to so contract.

(C) OPTION TO PRESCRIBE PROTOCOLS.—The Pension Benefit Guaranty Corporation may establish protocols to assist participants originally treated as lost or missing in claiming their benefits under a plan.

(D) COORDINATION.—The Office of the Retirement Savings Lost and Found shall coordinate with the Social Security Administration, the Employee Benefits Security Administration, and other applicable agencies to integrate information and databases on lost, missing, and inactive participants.

(d) TRANSMISSION OF INFORMATION TO PENSION BENEFIT GUARANTY CORPORATION.—Section 6057 of the Internal Revenue Code of 1986, as amended by the preceding provisions of this Act, is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:
“(h) TRANSMISSION OF INFORMATION TO DIRECTOR OF PENSION BENEFIT GUARANTY CORPORATION.—The Secretary shall transmit copies of any statements, notifications, reports, or other information obtained by him under this section to the Director of the Pension Benefit Guaranty Corporation.”.

SEC. 307. EXEMPTION FROM REQUIRED MINIMUM DISTRIBUTION RULES FOR INDIVIDUALS WITH CERTAIN ACCOUNT BALANCES.

(a) IN GENERAL.—Section 401(a)(9) of the Internal Revenue Code of 1986, as amended by the preceding provisions of this Act, is further amended by adding at the end the following new subparagraph:

“(L) EXCEPTION FROM REQUIRED MINIMUM DISTRIBUTIONS DURING LIFE OF EMPLOYEE WHERE ASSETS DO NOT EXCEED $100,000.—

“(i) IN GENERAL.—If, as of a measurement date, the aggregate value of an employee’s entire interest under all defined contribution plans does not exceed $100,000, then, during any succeeding calendar year beginning before the next measurement date, the requirements of sub-
paragraph (A) shall not apply with respect to such employee.

“(ii) **Defined Contribution Plan.**—For purposes of this subparagraph, the term ‘defined contribution plan’ has the same meaning as when used in subparagraph (H).

“(iii) **Limit on Required Minimum Distribution.**—The required minimum distribution determined under subparagraph (A) for an employee under all defined contribution plans shall not exceed an amount equal to the excess of—

“(I) the aggregate value of an employee’s entire interest under such plans on the last day of the calendar year to which such distribution relates, over

“(II) the dollar amount in effect under clause (i) for such calendar year.

The Secretary in regulations or other guidance may provide how such amount shall be distributed in the case of an individual
with more than one defined contribution plan.

“(iv) Measurement Date.—For purposes of this subparagraph, the term ‘measurement date’ means, with respect to any employee—

“(I) the last day of the calendar year preceding the calendar year in which the employee attains age 75, and

“(II) in the case of any employee who (after a measurement date determined under subclause (I) with respect to such employee) receives contributions, rollovers, or transfers of amounts that were not previously taken into account in applying this subparagraph, the last day of the calendar year in which such contribution, rollover, or transfer was so received.

“(v) Inflation Adjustment.—In the case of any calendar year beginning after 2020, the $100,000 amount in clause (i) shall be increased by an amount equal to—
“(I) such dollar amount, multiplied by

“(II) the cost of living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting ‘calendar year 2019’ for ‘calendar year 2016’ in subparagraph (A)(ii) thereof.

Any increase determined under this clause shall be rounded to the next lowest multiple of $5,000.

“(vi) PLAN ADMINISTRATOR RELIANCE ON EMPLOYEE CERTIFICATION.—A defined contribution plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B) shall not be treated as failing to meet the requirements of this paragraph in the case of any failure to make a required minimum distribution for a calendar year if—

“(I) the aggregate value of an employee’s entire interest under all defined contribution plans of the employer on the last day of the calendar year to which such distribution relates
does not exceed the dollar amount in effect for such year under clause (i), and

“(II) the employee certifies that the aggregate value of the employee’s entire interest under all defined contribution plans on the most recent measurement date with respect to the employee (as determined by the employee based on guidance provided by the Secretary) did not exceed the dollar amount in effect for such year under clause (i).

“(vii) AGGREGATION RULE.—All employers treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as a single employer for purposes of clause (v).”.

(b) PLAN ADMINISTRATOR REPORTING.—Section 6047 of such Code is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

“(h) ACCOUNT BALANCE FOR PARTICIPANTS WHO HAVE ATTAINED AGE 74.—
“(1) IN GENERAL.—Not later than January 31 of each year, the plan administrator (as defined in section 414(g)) of each defined contribution plan (as defined in section 401(a)(9)(L)) shall make a return to the Secretary with respect to each participant of such plan who has attained age 74 as of the end of the preceding calendar year which states—

"(A) the name and plan number of the plan,

"(B) the name and address of the plan administrator,

"(C) the name, address, and taxpayer identification number of the participant, and

"(D) the account balance of such participant as of the end of the preceding calendar year.

“(2) STATEMENT FURNISHED TO PARTICIPANT.—Every person required to make a return under paragraph (1) with respect to a participant shall furnish a copy of such return to such participant.

“(3) APPLICATION TO INDIVIDUAL RETIREMENT PLANS AND ANNUITIES.—In the case of an defined contribution plan described in clause (i) or (ii) of section 402(c)(8)(B)—
“(A) any reference in this subsection to the plan administrator shall be treated as a reference to the trustee or issuer, as the case may be, and
“(B) any reference in this subsection to the participant shall be treated as a reference to the individual for whom such account or annuity is maintained.”.

(e) Effective Date.—The amendments made by this section shall apply to distributions required to be made in calendar years beginning more than 120 days after the date of the enactment of this Act.

SEC. 308. EXPANSION OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

(a) In General.—Except as otherwise provided in the Internal Revenue Code of 1986 or regulations prescribed by the Secretary of the Treasury or the Secretary’s delegate (referred to in this section as the “Secretary”), any eligible inadvertent failure to comply with the rules applicable under section 401(a), 403(a), 403(b), 408(p), or 408(k) of such Code may be self-corrected under the Employee Plans Compliance Resolution System (as described in Revenue Procedure 2019–19 or any successor guidance and hereafter in this section referred to as the “EPCRS”), except to the extent that such failure was
identified by the Secretary prior to any actions which demonstrate a commitment to implement a self-correction. Revenue Procedure 2019–19 is deemed amended as of the date of the enactment of this Act to provide that the correction period under section 9.02 of such Revenue Procedure (or any successor guidance) for an eligible inadvertent failure, except as otherwise provided under such Code or in regulations prescribed by the Secretary, is indefinite and has no last day, other than with respect to failures identified by the Secretary prior to any self-correction as described in the preceding sentence.

(b) Loan Errors.—In the case of an eligible inadvertent failure relating to a loan from a plan to a participant—

(1) such failure may be self-corrected under subsection (a) according to the rules of section 6.07 of Revenue Procedure 2019–19 (or any successor guidance), including the provisions related to whether a deemed distribution must be reported on Form 1099–R, and

(2) the Secretary of Labor shall treat any such failure which is so self-corrected under subsection (a) as meeting the requirements of the Voluntary Fiduciary Correction Program of the Department of Labor if, with respect to the violation of the fidu-
ciary standards of the Employee Retirement Income
Security Act of 1974, there is a similar loan error
eligible for correction under EPCRS and the loan
error is corrected in such manner.

(c) EPCRS FOR IRAs.—The Secretary shall expand
the EPCRS to allow custodians of individual retirement
plans (as defined in section 7701(a)(37) of the Internal
Revenue Code of 1986) to address eligible inadvertent fail-
ures for which the owner of an individual retirement plan
(as so defined) was not at fault, including (but not limited
to)—

(1) waivers of the excise tax which would other-
wise apply under section 4974 of the Internal Rev-
ue Code of 1986,

(2) under the self-correction component of the
EPCRS, waivers of the 60-day deadline for a roll-
over where the deadline is missed for reasons beyond
the reasonable control of the account owner, and

(3) rules permitting a nonspouse beneficiary to
return distributions to an inherited individual retire-
ment plan described in section 408(d)(3)(C) of the
Internal Revenue Code of 1986 in a case where, due
to an inadvertent error by a service provider, the
beneficiary had reason to believe that the distribu-
tion could be rolled over without inclusion in income of any part of the distributed amount.

(d) Required Minimum Distribution Corrections.—The Secretary shall expand the EPCRS to allow plans to which such system applies and custodians and owners of individual retirement plans to self-correct, without an excise tax, any eligible inadvertent failures pursuant to which a distribution is made no more than 180 days after it was required to be made.

(e) Additional Safe Harbors.—The Secretary shall expand the EPCRS to provide additional safe harbor means of correcting eligible inadvertent failures described in subsection (a), including safe harbor means of calculating the earnings which must be restored to a plan in cases where plan assets have been depleted by reason of an eligible inadvertent failure.

(f) Eligible Inadvertent Failure.—For purposes of this section—

(1) in general.—Except as provided in paragraph (2), the term “eligible inadvertent failure” means a failure that occurs despite the existence of practices and procedures which—

(A) satisfy the standards set forth in section 4.04 of Revenue Procedure 2019–19 (or any successor guidance), or
(B) satisfy similar standards in the case of an individual retirement plan.

(2) EXCEPTION.—The term “eligible inadvertent failure” shall not include any failure which is egregious, relates to the diversion or misuse of plan assets, or is directly or indirectly related to an abusive tax avoidance transaction.

(g) APPLICATION OF CERTAIN REQUIREMENTS FOR CORRECTING ERRORS.—This section shall not apply to any failure unless the correction of such failure under this section is made in conformity with the general principles that apply to corrections of such failures under the Internal Revenue Code of 1986, including regulations or other guidance issued thereunder and including those principles and corrections set forth in Revenue Procedure 2019–19 (or any successor guidance).”

SEC. 309. ELIMINATE THE “FIRST DAY OF THE MONTH” REQUIREMENT FOR GOVERNMENTAL SECTION 457(B) PLANS.

(a) IN GENERAL.—Paragraph (4) of section 457(b) of the Internal Revenue Code of 1986 is amended to read as follows:

“(4) which provides that compensation—

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

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

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

SEC. 310. ONE-TIME ELECTION FOR QUALIFIED CHARITABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY; INCREASE IN QUALIFIED CHARITABLE DISTRIBUTION LIMITATION.

(a) Increase in Limitation.—Section 408(d)(8)(A) of the Internal Revenue Code of 1986 is amended by striking “$100,000” and inserting “$130,000”.

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

“(F) One-time election for qualified charitable distribution to split-interest entity.—
“(i) IN GENERAL.—A taxpayer may for a taxable year elect under this subpara-
graph to treat as meeting the requirement of subparagraph (B)(i) any distribution from an individual retirement account which is made directly by the trustee to a split-interest entity, but only if—

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

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

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

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

“(II) a charitable remainder unitrust (as defined in section 664(d)(2)), but only if such unitrust is funded exclusively by qualified chari-
table distributions, or
“(III) a charitable gift annuity
(as defined in section 501(m)(5)), but
only if such annuity is funded exclu-
sively by qualified charitable distribu-
tions and commences fixed payments
of 5 percent or greater not later than
1 year from the date of funding.

“(iii) CONTRIBUTIONS MUST BE OTH-
ERWISE DEDUCTIBLE.—A distribution
meets the requirement of this clause only
if—

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

“(II) in the case of a charitable
gift annuity, a deduction in an
amount equal to the amount of the
distribution reduced by the value of
the annuity described in section 501(m)(5)(B) would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

“(iv) LIMITATION ON INCOME INTERESTS.—A distribution meets the requirements of this clause only if—

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

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

“(v) SPECIAL RULES.—

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

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

(e) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made in taxable years ending after the date of the enactment of this Act.

SEC. 311. RETIREMENT PLAN DISTRIBUTIONS FOR CHARITABLE PURPOSE.

(a) IN GENERAL.—Section 402 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(m) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

“(1) IN GENERAL.—Gross income for any taxable year shall not include so much of the aggregate amount of qualified charitable distributions made with respect to a taxpayer during such taxable year which does not exceed the applicable amount.

“(2) QUALIFIED CHARITABLE DISTRIBUTION.—

For purposes of this subsection, the term ‘qualified
charitable distribution’ means any distribution from a trust as defined in section 401(a) that is exempt from tax under 501(a)—

“(A) which is made directly by the plan to an organization described in section 170(b)(1)(A) (other than any organization described in section 509(a)(3) or any fund or account described in section 4966(d)(2)), and

“(B) which is made on or after the date that the individual on whose behalf the distribution is made has attained age 70 1⁄2.

A distribution shall be treated as a qualified charitable distribution only to the extent that the distribution would be includible in gross income without regard to paragraph (1).

“(3) SPECIAL RULES.—

“(A) IN GENERAL.—Rules similar to the rules of subparagraphs (C), (E), and (F) of section 408(d)(8) shall apply for purposes of this subsection.

“(B) APPLICATION OF SECTION 72.—

Rules similar to the rules of section 408(d)(8)(D) shall apply for purposes of this subsection, by taking into account all amounts in the eligible retirement plan to which the tax-
payer has a nonforfeitable right in lieu of all amounts in all individual retirement plans of the individual.

“(4) APPLICABLE AMOUNT.—For purposes of this subsection, the term ‘applicable amount’ means the excess of—

“(A) $130,000, over

“(B) the total amount of any distributions not includible in gross income of the taxpayer for the taxable year by reason of sections 403(d), 408(d)(8), and 457(e)(19).”.

(b) SEPs AND SIMPLEs.—Section 408(d)(8)(B) of such Code is amended by striking “(other than a plan described in subsection (k) or (p))”.

(c) CERTAIN ANNUITY PLANS.—Section 403 of such Code is amended by adding at the end the following new subsection:

“(d) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—The rules of section 402(m) shall apply to distributions under an annuity plan described in subsection (a) or an annuity contract described in subsection (b).”.

(d) 457(b) PLANS.—Subsection (e) of section 457 of such Code is amended by adding at the end the following new paragraph:
“(19) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—The rules of section 402(m) shall apply to distributions under an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A).”.

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

SEC. 312. DISTRIBUTIONS TO FIREFIGHTERS.

(a) IN GENERAL.—Subparagraph (A) of section 72(t)(10) of the Internal Revenue Code of 1986 is amended by striking “414(d))” and inserting “414(d)) or a distribution from a plan described in clause (iii), (iv), or (vi) of section 402(e)(8)(B) to an employee who provides firefighting services”.

(b) CONFORMING AMENDMENT.—The heading of paragraph (10) of section 72(t) of such Code is amended—

(1) by striking “QUALIFIED”, and

(2) by striking “IN GOVERNMENTAL PLANS”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2020.
SEC. 313. EXCLUSION OF CERTAIN DISABILITY-RELATED FIRST RESPONDER RETIREMENT PAYMENTS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 139B the following new section:

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

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

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

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

“(2) in connection with such individual’s qualified first responder service.

“(c) ANNUALIZED EXCLUDABLE DISABILITY AMOUNT.—For purposes of this section—

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

“(2) SERVICE-CONNECTED EXCLUDABLE DIS-
ABILITY AMOUNT.—The term ‘service-connected ex-
ccludable disability amount’ means periodic payments
received by an individual which—

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

“(B) are received in connection with such
individual’s qualified first responder service,
and

“(C) terminate when such individual at-
tains retirement age.

“(3) SPECIAL RULE FOR PARTIAL-YEAR PAY-
MENTS.—In the case of an individual who only re-
ceives service-connected excludable disability
amounts properly attributable to a portion of the 12-
month period described in paragraph (1), such para-
graph shall be applied by multiplying such amounts
by the ratio of 365 to the number of days in such
period to which such amounts were properly attrib-
utable.
“(d) QUALIFIED FIRST RESPONDER SERVICE.—For purposes of this section, the term ‘qualified first responder service’ means service as a law enforcement officer, firefighter, paramedic, or emergency medical technician.”.

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

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

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

SEC. 314. INDIVIDUAL RETIREMENT PLAN STATUTE OF LIMITATIONS FOR EXCISE TAX ON EXCESS CONTRIBUTIONS, CERTAIN ACCUMULATIONS, AND PROHIBITED TRANSACTIONS.

Section 6501(l) of the Internal Revenue Code of 1986 is amended—

(1) in paragraph (1), by inserting “(other than with respect to an individual retirement plan)” after “section 4975”, and

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

“(4) INDIVIDUAL RETIREMENT PLANS.—
“(A) IN GENERAL.—For purposes of any tax imposed by section 4973, 4974, or 4975 in connection with an individual retirement plan, the return referred to in this section shall be the income tax return filed by the person on whom the tax under such section is imposed for the year in which the act (or failure to act) giving rise to the liability for such tax occurred.

“(B) RULE IN CASE OF INDIVIDUALS NOT REQUIRED TO FILE RETURN.—In the case of a person who is not required to file an income tax return for such year—

“(i) the return referred to in this section shall be the income tax return that such person would have been required to file but for the fact that such person was not required to file such return, and

“(ii) the 3-year period referred to in subsection (a) with respect to the return shall be deemed to begin on the date by which the return would have been required to be filed (excluding any extension thereof).”
SEC. 315. REQUIREMENT TO PROVIDE PAPER STATEMENTS IN CERTAIN CASES.

(a) In General.—Section 105(a)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025(a)(2)) is amended—

(1) in subparagraph (A)(iv), by inserting “subject to subparagraph (E),” before “may be delivered”; and

(2) by adding at the end the following:

“(E) Provision of Paper Statements.—With respect to at least 1 pension benefit statement furnished for a calendar year with respect to an individual account plan under paragraph (1)(A), and with respect to at least 1 pension benefit statement furnished every 3 calendar years with respect to a defined benefit plan under paragraph (1)(B), such statement shall be furnished on paper in written form except—

“(i) in the case of a plan that furnishes such statement in accordance with section 2520.104b-1(c) of title 29, Code of Federal Regulations; or

“(ii) in the case of a plan that permits a participant or beneficiary to request that the statements referred to in the matter
preceding clause (i) be furnished by electronic delivery, if the participant or beneficiary requests that such statements be delivered electronically and the statements are so delivered.”.

(b) Implementation.—

(1) In general.—The Secretary of Labor shall, not later than July 1, 2021, update section 2520.104b-1(c) of title 29, Code of Federal Regulations, to provide that a plan may furnish the statements referred to in subparagraph (E) of section 105(a)(2) by electronic delivery only if, in addition to meeting the other requirements under the regulations—

(A) such plan furnishes each participant, including participants described in subparagraph (B), a one-time initial notice on paper in written form, prior to the electronic delivery of any pension benefit statement, of their right to request that all documents required to be disclosed under title I of the Employee Retirement Income Security Act of 1974 be furnished on paper in written form; and

(B) such plan furnishes each participant who is separated from service with at least 1
pension benefit statement on paper in written form for each calendar year.

(2) OTHER GUIDANCE.—In implementing the amendment made by subsection (a) with respect to a plan that discloses required documents or statements electronically, in accordance with applicable guidance governing electronic disclosure by the Department of Labor (with the exception of section 2520.104b-1(c) of title 29, Code of Federal Regulations), the Secretary of Labor shall, not later than July 1, 2021, update such guidance to the extent necessary to ensure that—

(A) a participant or beneficiary under such a plan is permitted the opportunity to request that any disclosure required to be delivered on paper under applicable guidance by the Department of Labor shall be furnished by electronic delivery;

(B) each paper statement furnished under such a plan pursuant to the amendment shall include—

(i) an explanation of how to request that all such statements, and any other document required to be disclosed under title I of the Employee Retirement Income
Security Act of 1974, be furnished by electronic delivery; and

(ii) contact information for the plan sponsor, including a telephone number;

(C) the plan may not charge any fee to a participant or beneficiary for the delivery of paper statements;

(D) each paper pension benefit statement shall identify each plan document required to be disclosed and shall include information about how a participant or beneficiary may access each such document;

(E) each document required to be disclosed that is furnished by electronic delivery under such a plan shall include an explanation of how to request that all such documents be furnished on paper in written form;

(F) a plan is permitted to furnish a duplicate electronic statement in any case in which the plan furnishes a paper statement; and

(G) furnishment of such a paper pension benefit statement may be combined, in one document, with a notice explaining electronic delivery of other disclosure documents as a default selection and the right to opt out of such elec-
tronic delivery, but only if such paper statement
is furnished prior to the electronic delivery of
any such statement.

(c) EFFECTIVE DATE.—The amendment made by
subsection (a) shall apply with respect to plan years begin-
ning after December 31, 2021.

TITLE IV—TECHNICAL
AMENDMENTS

SEC. 401. AMENDMENTS RELATING TO SETTING EVERY
COMMUNITY UP FOR RETIREMENT ENHANCE-
MENT ACT OF 2019.

(a) TECHNICAL AMENDMENTS.—

(1) AMENDMENT RELATING TO SECTION 114.—
Section 401(a)(9)(C)(iii) of the Internal Revenue
Code of 1986 is amended by striking “employee to
whom clause (i)(II) applies” and inserting “em-
ployee (other than an employee to whom clause
(i)(II) does not apply by reason of clause (ii))”.

(2) AMENDMENT RELATING TO SECTION 116.—
Section 4973(b) of the Internal Revenue Code of
1986 is amended by adding at the end of the flush
matter the following: “Such term shall not include
any designated nondeductible contribution (as de-
defined in subparagraph (C) of section 408(o)(2))
which does not exceed the nondeductible limit under
subparagraph (B) thereof by reason of an election under section 408(o)(5).”.

(3) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section of the Setting Every Community Up for Retirement Enhancement Act of 2019 to which the amendment relates.

(b) CLERICAL AMENDMENT.—Section 72(t)(2)(H)(vi)(IV) of the Internal Revenue Code of 1986 is amended by striking “403(b)(7)(A)(ii)” and inserting “403(b)(7)(A)(i)”.

TITLE V—ADMINISTRATIVE PROVISIONS

SEC. 501. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any retirement plan or contract amendment—

(1) such retirement plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A); and

(2) except as provided by the Secretary of the Treasury (or the Secretary’s delegate), such retirement plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the Employee Retire-
ment Income Security Act of 1974 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any retirement plan or annuity contract which is made—

(A) pursuant to any amendment made by this Act or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor (or a delegate of either such Secretary) under this Act; and

(B) on or before the last day of the first plan year beginning on or after January 1, 2022.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting “2024” for “2022”.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legisla-
tive or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not
required by such legislative or regulatory amendment, the effective date specified by the plan); and

(ii) ending on the date described in paragraph (1)(B) (as modified by the second sentence of paragraph (1)) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect; and

(B) such plan or contract amendment applies retroactively for such period.