Sec. 1: Short title.

Sec. 2(a)(1)(A): Specifies that for a participant or a beneficiary in a covered plan, PBGC's guarantee will be calculated without guarantee limitations. (More detail on how this calculation is done is provided below.).

Sec. 2(a)(1)(B): Clarifies that this bill does not constitute a recovery by PBGC, rather an appropriation to provide specific participants additional benefits as outlined by the legislation. Also clarifies that nothing in this bill amends PBGC rules, practices, and policies outside of the scope of the bill.

Sec. 2(a)(2)(A): For participants and beneficiaries that have already begun receiving benefits in covered plans, PBGC (in consultation with Treasury and Labor) should recalculate benefits as soon as practicable.

Sec. 2(a)(2)(B): For participants and beneficiaries that received guaranteed payments prior to recalculation, PBGC (in consultation with Treasury and Labor) should pay a lump sum payment of the difference between what was actually paid and what would have been paid without the guarantee limitations, plus 6 percent interest.

Sec. 2(a)(2)(C): Defines eligible participants and beneficiaries as those under a covered plan as of the date of the enactment of the act that does not exceed full vested plan benefits. Defines applicable payments as those under the plan equal to the normal benefit guarantee, payments from PBGC connected to the termination of the plan, payments made as a top-up benefit.

Sec. 2(a)(3)(A): Defines full vested plan benefit.

Sec. 2(a)(3)(B): Defines normal benefit guarantee.

Sec. 2(a)(4): Lists the specific pension plans covered by the legislation.

Sec. 2(a)(5): For administrative and judicial review, clarifies that the decisions made by PBGC are initial agency determinations.

Sec. 2(b)(1): Creates a trust fund within Treasury to hold appropriated funds.

Sec. 2(b)(2): Appropriates funds needed for paying higher benefit levels and for administrative costs.

Sec. 2(b)(3): Permits expenditures from the trust fund for payments under the program.
Sec. 2(c): Permits PBGC, in consultation with Secretaries of Treasury and Labor, to issue regulations to carry out this bill.

Sec. 2(d)(1): Allows beneficiaries to pay income tax on lump sum pay over a three-year period (unless the beneficiary opts out of this three-year tax treatment).

Sec. 2(d)(2): If a beneficiary dies before that three-year period, the remaining amount of the lump sum will be considered income in the taxable year in which the death occurs. If that beneficiary has a surviving spouse who is entitled to the survivor benefit from PBGC, the spouse may elect to treat the remaining amounts as gross income in the taxable years within the same period that would have been includible for the eligible participant or may opt out of the three-year tax treatment.