

Kind Amendment

To immediately reduce premiums for Cooperative and Small Employer Charity pension plans

AMENDMENT

OFFERED BY THE SENATE OF WISCONSIN

SECTION 1. The following amendments are proposed:

1. Section 19.01(1)(b) of the Code shall be amended to read:

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19. Section 19.01(1)(b) of the Code shall be amended to read:

20. Section 19.01(1)(b) of the Code shall be amended to read:

1 “(I) the additional premium (if
2 any) determined under subparagraph
3 (E), and

4 “(II) \$19.”.

5 (b) VARIABLE RATE PREMIUM.—

6 (1) UNFUNDED VESTED BENEFITS.—

7 (A) IN GENERAL.—Subparagraph (E) of
8 section 4006(a)(3) of the Employee Retirement
9 Income Security Act of 1974 (29 U.S.C.
10 1306(a)(3)) is amended by adding at the end
11 the following new clause:

12 “(v) For purposes of clause (ii), in the
13 case of a CSEC plan (as defined in section
14 210(f)(1)), the term ‘unfunded vested ben-
15 efits’ means, for plan years beginning after
16 December 31, 2017, the excess (if any)
17 of—

18 “(I) the funding liability of the
19 plan as determined under section
20 306(j)(5)(C) for the plan year by only
21 taking into account vested benefits,
22 over

23 “(II) the fair market value of
24 plan assets for the plan year which

1 (1) IN GENERAL.—Section 401(a)(9) of the In-
2 ternal Revenue Code of 1986 is amended by adding
3 at the end the following new subparagraph:

4 “(H) SPECIAL RULES FOR CERTAIN DE-
5 FINED CONTRIBUTION PLANS.—

6 “(i) IN GENERAL.—In the case of dis-
7 tributions from a defined contribution
8 plan, a trust forming part of such plan
9 shall not constitute a qualified trust under
10 this section unless the plan provides that,
11 if—

12 “(I) an employee dies before the
13 distribution of the employee’s interest
14 (whether or not such distribution has
15 begun in accordance with subpara-
16 graph (A)), and

17 “(II) the aggregate account bal-
18 ances to the credit of the employee
19 under all defined contribution plans,
20 determined as of the date of the em-
21 ployee’s death, exceeds \$450,000,
22 so much of the entire interest of the em-
23 ployee as exceeds the dollar amount in sub-
24 clause (II) will be distributed within 5
25 years after the death of such employee.

1 date of the employee's death) which is
2 payable to (or for the benefit of) such
3 beneficiary, bears to

4 “(II) the amount of the employ-
5 ee's entire interest (so determined).

6 “(v) EXCEPTION FOR ELIGIBLE DES-
7 IGNATED BENEFICIARIES.—If—

8 “(I) any portion of the employ-
9 ee's interest is payable to (or for the
10 benefit of) an eligible designated bene-
11 ficiary,

12 “(II) such portion will be distrib-
13 uted (in accordance with regulations)
14 over the life of such eligible des-
15 igned beneficiary (or over a period
16 not extending beyond the life expect-
17 ancy of such beneficiary), and

18 “(III) such distributions begin
19 not later than 1 year after the date of
20 the employee's death or such later
21 date as the Secretary may by regula-
22 tions prescribe,

23 for purposes of clause (i), the portion re-
24 ferred to in subclause (I) shall be treated

1 beneficiary and the remainder of such por-
2 tion shall be distributed within 5 years
3 after the death of such beneficiary.

4 “(viii) COORDINATION WITH INDI-
5 VIDUAL RETIREMENT PLANS.—For pur-
6 poses of applying the provisions of this
7 subparagraph and subsections (a)(6) and
8 (b)(3) of section 408, individual retirement
9 plans shall be treated as defined contribu-
10 tion plans in determining the aggregate ac-
11 count balances to the credit of the em-
12 ployee under all defined contribution plans
13 and the amount required to be distributed
14 to each beneficiary under such provi-
15 sions.”.

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

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

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

1 who is not more than 10 years young-
2 er than the employee.

3 “(iii) SPECIAL RULE FOR CHIL-
4 DREN.—Subject to subparagraph (F), an
5 individual described in clause (ii)(II) shall
6 cease to be an eligible designated bene-
7 ficiary as of the date the individual reaches
8 majority and any remainder of the portion
9 of the interest described in subparagraph
10 (H)(v) shall be distributed within 5 years
11 after such date.

12 “(iv) TIME FOR DETERMINATION OF
13 ELIGIBLE DESIGNATED BENEFICIARY.—
14 The determination of whether a designated
15 beneficiary is an eligible designated bene-
16 ficiary shall be made as of the date of
17 death of the employee.”.

18 (3) CONFORMING AMENDMENTS.—

19 (A) Clause (ii) of section 401(a)(9)(B) of
20 the Internal Revenue Code of 1986 is amended
21 by striking “A trust” and inserting “Except as
22 provided in subparagraph (H), a trust”.

23 (B) Section 402(c)(11)(A)(iii) of such
24 Code is amended by striking “section
25 401(a)(9)(B) (other than clause (iv) thereof)”

1 (II) December 31, 2018; or

2 (ii) December 31, 2020.

3 For purposes of clause (i)(I), any plan amend-
4 ment made pursuant to a collective bargaining
5 agreement relating to the plan which amends
6 the plan solely to conform to any requirement
7 added by this section shall not be treated as a
8 termination of such collective bargaining agree-
9 ment.

10 (C) GOVERNMENTAL PLANS.—In the case
11 of a governmental plan (as defined in section
12 414(d) of the Internal Revenue Code of 1986),
13 subparagraph (A) shall be applied by sub-
14 stituting “December 31, 2020” for “December
15 31, 2018”.

16 (5) EXCEPTION FOR CERTAIN EXISTING ANNU-
17 ITY CONTRACTS.—

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

23 (B) QUALIFIED ANNUITY.—For purposes
24 of this paragraph, the term “qualified annuity”

1 and amount of the annuity payments
2 to the employee or any designated
3 beneficiaries; or

4 (II) if subclause (I) does not
5 apply, the employee has made an ir-
6 revocable election before the date of
7 enactment of this Act as to the meth-
8 od and amount of the annuity pay-
9 ments to the employee or any des-
10 ignated beneficiaries.

11 (6) EXCEPTION FOR CERTAIN BENE-
12 FICIARIES.—

13 (A) IN GENERAL.—If an employee dies be-
14 fore the effective date, then, in applying the
15 amendments made by this subsection to such
16 employee's designated beneficiary who dies after
17 such date—

18 (i) such amendments shall apply to
19 any beneficiary of such designated bene-
20 ficiary; and

21 (ii) the designated beneficiary shall be
22 treated as an eligible designated bene-
23 ficiary for purposes of applying section
24 401(a)(9)(H)(iv) of the Internal Revenue

1 (A) IN GENERAL.—This subsection shall
2 apply to any amendment to any plan or which
3 is made—

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

9 (ii) on or before the last day of the
10 first plan year beginning after December
11 31, 2020, or such later date as the Sec-
12 retary of the Treasury may prescribe.

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

19 (B) CONDITIONS.—This subsection shall
20 not apply to any amendment unless—

21 (i) during the period—

22 (I) beginning on the date the leg-
23 islative or regulatory amendment de-
24 scribed in paragraph (1)(A) takes ef-
25 fect (or in the case of a plan amend-