

117TH CONGRESS  
2D SESSION

# H. R. 2954

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## AN ACT

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

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Securing a Strong Retirement Act of 2022”.

4 (b) TABLE OF CONTENTS.—The table of contents for  
5 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. Promotion of Saver’s Credit.
- Sec. 104. Enhancement of Saver’s Credit.
- Sec. 105. Enhancement of 403(b) plans.
- Sec. 106. Increase in age for required beginning date for mandatory distributions.
- Sec. 107. Indexing IRA catch-up limit.
- Sec. 108. Higher catch-up limit to apply at age 62, 63, and 64.
- Sec. 109. Pooled employer plans modification.
- Sec. 110. Multiple employer 403(b) plans.
- Sec. 111. Treatment of student loan payments as elective deferrals for purposes of matching contributions.
- Sec. 112. Application of credit for small employer pension plan startup costs to employers which join an existing plan.
- Sec. 113. Military spouse retirement plan eligibility credit for small employers.
- Sec. 114. Small immediate financial incentives for contributing to a plan.
- Sec. 115. Safe harbor for corrections of employee elective deferral failures.
- Sec. 116. Improving coverage for part-time workers.
- Sec. 117. Deferral of tax for certain sales of employer stock to employee stock ownership plan sponsored by S corporation.
- Sec. 118. Certain securities treated as publicly traded in case of employee stock ownership plans.

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 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. Updating dollar limit for mandatory distributions.
- 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. Distributions to firefighters.
- Sec. 312. Exclusion of certain disability-related first responder retirement payments.
- Sec. 313. Individual retirement plan statute of limitations for excise tax on excess contributions and certain accumulations.
- Sec. 314. Requirement to provide paper statements in certain cases.
- Sec. 315. Separate application of top heavy rules to defined contribution plans covering excludible employees.
- Sec. 316. Repayment of qualified birth or adoption distribution limited to 3 years.
- Sec. 317. Employer may rely on employee certifying that deemed hardship distribution conditions are met.
- Sec. 318. Penalty-free withdrawals from retirement plans for individuals in case of domestic abuse.
- Sec. 319. Reform of family attribution rules.
- Sec. 320. Amendments to increase benefit accruals under plan for previous plan year allowed until employer tax return due date.
- Sec. 321. Retroactive first year elective deferrals for sole proprietors.
- Sec. 322. Limiting cessation of IRA treatment to portion of account involved in a prohibited transaction.
- Sec. 323. Review of pension risk transfer interpretive bulletin.

#### TITLE IV—TECHNICAL AMENDMENTS

- Sec. 401. Amendments relating to Setting Every Community Up for Retirement Enhancement Act of 2019.

#### TITLE V—ADMINISTRATIVE PROVISIONS

- Sec. 501. Provisions relating to plan amendments.

#### TITLE VI—REVENUE PROVISIONS

- Sec. 601. Simple and SEP Roth IRAs.
- Sec. 602. Hardship withdrawal rules for 403(b) plans.
- Sec. 603. Elective deferrals generally limited to regular contribution limit.
- Sec. 604. Optional treatment of employer matching contributions as Roth contributions.

#### TITLE VII—BUDGETARY EFFECTS

- Sec. 701. Determination of budgetary effects.

1 **TITLE I—EXPANDING COVERAGE**  
2 **AND INCREASING RETIRE-**  
3 **MENT SAVINGS**

4 **SEC. 101. EXPANDING AUTOMATIC ENROLLMENT IN RE-**  
5 **TIREMENT PLANS.**

6 (a) IN GENERAL.—Subpart B of part I of subchapter  
7 D of chapter 1 of the Internal Revenue Code of 1986 is  
8 amended by inserting after section 414 the following new  
9 section:

10 **“SEC. 414A. REQUIREMENTS RELATED TO AUTOMATIC EN-**  
11 **ROLLMENT.**

12 “(a) IN GENERAL.—Except as otherwise provided in  
13 this section—

14 “(1) an arrangement shall not be treated as a  
15 qualified cash or deferred arrangement described in  
16 section 401(k) unless such arrangement meets the  
17 automatic enrollment requirements of subsection (b),  
18 and

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

25 “(b) AUTOMATIC ENROLLMENT REQUIREMENTS.—

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

7           “(2) ALLOWANCE OF PERMISSIBLE WITH-  
8           DRAWALS.—An eligible automatic contribution ar-  
9           rangement meets the requirements of this paragraph  
10          if such arrangement allows employees to make per-  
11          missible withdrawals (as defined in section  
12          414(w)(2)).

13          “(3) MINIMUM CONTRIBUTION PERCENTAGE.—

14                 “(A) IN GENERAL.—An eligible automatic  
15                 contribution arrangement meets the require-  
16                 ments of this paragraph if—

17                         “(i) the uniform percentage of com-  
18                         pensation contributed by the participant  
19                         under such arrangement during the first  
20                         year of participation is not less than 3 per-  
21                         cent and not more than 10 percent (unless  
22                         the participant specifically elects not to  
23                         have such contributions made or to have  
24                         such contributions made at a different per-  
25                         centage), and

1           “(ii) effective for the first day of each  
2           plan year starting after each completed  
3           year of participation under such arrange-  
4           ment such uniform percentage is increased  
5           by 1 percentage point (to at least 10 per-  
6           cent, but not more than 15 percent) unless  
7           the participant specifically elects not to  
8           have such contributions made or to have  
9           such contributions made at a different per-  
10          centage.

11          “(B) INITIAL REDUCED CEILING FOR CER-  
12          TAIN PLANS.—In the case of any eligible auto-  
13          matic contribution arrangement (other than an  
14          arrangement that meets the requirements of  
15          paragraph (12) or (13) of section 401(k)), for  
16          plan years ending before January 1, 2025, sub-  
17          paragraph (A)(ii) shall be applied by sub-  
18          stituting ‘10 percent’ for ‘15 percent’.

19          “(4) INVESTMENT REQUIREMENTS.—An eligible  
20          automatic contribution arrangement meets the re-  
21          quirements of this paragraph if amounts contributed  
22          pursuant to such arrangement, and for which no in-  
23          vestment is elected by the participant, are invested  
24          in accordance with the requirements of section

1 2550.404c-5 of title 29, Code of Federal Regulations  
2 (or any successor regulations).

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

4 “(1) SIMPLE PLANS.—Subsection (a) shall not  
5 apply to any simple plan (within the meaning of sec-  
6 tion 401(k)(11)).

7 “(2) EXCEPTION FOR PLANS OR ARRANGE-  
8 MENTS ESTABLISHED BEFORE ENACTMENT OF SEC-  
9 TION.—

10 “(A) IN GENERAL.—Subsection (a) shall  
11 not apply to—

12 “(i) any qualified cash or deferred ar-  
13 rangement established before the date of  
14 the enactment of this section, or

15 “(ii) any annuity contract purchased  
16 under a plan established before the date of  
17 the enactment of this section.

18 “(B) POST-ENACTMENT ADOPTION OF  
19 MULTIPLE EMPLOYER PLAN.—Subparagraph  
20 (A) shall not apply in the case of an employer  
21 adopting after such date of enactment a plan  
22 maintained by more than one employer, and  
23 subsection (a) shall apply with respect to such  
24 employer as if such plan were a single plan.

1           “(3) EXCEPTION FOR GOVERNMENTAL AND  
2 CHURCH PLANS.—Subsection (a) shall not apply to  
3 any governmental plan (within the meaning of sec-  
4 tion 414(d)) or any church plan (within the meaning  
5 of section 414(e)).

6           “(4) EXCEPTION FOR NEW AND SMALL BUSI-  
7 NESSES.—

8           “(A) NEW BUSINESS.—Subsection (a)  
9 shall not apply to any qualified cash or deferred  
10 arrangement, or any annuity contract pur-  
11 chased under a plan, while the employer main-  
12 taining such plan (and any predecessor em-  
13 ployer) has been in existence for less than 3  
14 years.

15           “(B) SMALL BUSINESSES.—Subsection (a)  
16 shall not apply to any qualified cash or deferred  
17 arrangement, or any annuity contract pur-  
18 chased under a plan, earlier than the date that  
19 is 1 year after the close of the first taxable year  
20 with respect to which the employer maintaining  
21 the plan normally employed more than 10 em-  
22 ployees.

23           “(C) TREATMENT OF MULTIPLE EM-  
24 PLOYER PLANS.—In the case of a plan main-  
25 tained by more than 1 employer, subparagraphs



1 (A) and (B) shall be applied separately with re-  
2 spect to each such employer, and all such em-  
3 ployers to which subsection (a) applies (after  
4 the application of this paragraph) shall be  
5 treated as maintaining a separate plan for pur-  
6 poses of this section.”.

7 (b) CLERICAL AMENDMENT.—The table of sections  
8 for subpart B of part I of subchapter D of chapter 1 of  
9 such Code is amended by inserting after the item relating  
10 to section 414 the following new item:

“Sec. 414A. Requirements related to automatic enrollment.”.

11 (c) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to plan years beginning after De-  
13 cember 31, 2023.

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

16 (a) INCREASE IN CREDIT PERCENTAGE FOR SMALL-  
17 ER EMPLOYERS.—Section 45E(e) of the Internal Revenue  
18 Code of 1986 is amended by adding at the end the fol-  
19 lowing new paragraph:

20 “(4) INCREASED CREDIT FOR CERTAIN SMALL  
21 EMPLOYERS.—In the case of an employer which  
22 would be an eligible employer under subsection (c) if  
23 section 408(p)(2)(C)(i) was applied by substituting  
24 ‘50 employees’ for ‘100 employees’, subsection (a)

1 shall be applied by substituting ‘100 percent’ for ‘50  
2 percent’.”.

3 (b) ADDITIONAL CREDIT FOR EMPLOYER CONTRIBU-  
4 TIONS BY CERTAIN SMALL EMPLOYERS.—Section 45E of  
5 such Code, as amended by subsection (a), is amended by  
6 adding at the end the following new subsection:

7 “(f) ADDITIONAL CREDIT FOR EMPLOYER CON-  
8 TRIBUTIONS BY CERTAIN ELIGIBLE EMPLOYERS.—

9 “(1) IN GENERAL.—In the case of an eligible  
10 employer, the credit allowed for the taxable year  
11 under subsection (a) (determined without regard to  
12 this subsection) shall be increased by an amount  
13 equal to the applicable percentage of employer con-  
14 tributions (other than any elective deferrals (as de-  
15 fined in section 402(g)(3)) by the employer to an eli-  
16 gible employer plan (other than a defined benefit  
17 plan (as defined in section 414(j))).

18 “(2) LIMITATIONS.—

19 “(A) DOLLAR LIMITATION.—The amount  
20 determined under paragraph (1) (before the ap-  
21 plication of subparagraph (B)) with respect to  
22 any employee of the employer shall not exceed  
23 \$1,000.

24 “(B) CREDIT PHASE-IN.—In the case of  
25 any eligible employer which had for the pre-

1 ceding taxable year more than 50 employees,  
 2 the amount determined under paragraph (1)  
 3 (without regard to this subparagraph) shall be  
 4 reduced by an amount equal to the product  
 5 of—

6 “(i) the amount otherwise so deter-  
 7 mined under paragraph (1), multiplied by

8 “(ii) a percentage equal to 2 percent-  
 9 age points for each employee of the em-  
 10 ployer for the preceding taxable year in ex-  
 11 cess of 50 employees.

12 “(3) APPLICABLE PERCENTAGE.—For purposes  
 13 of this section, the applicable percentage for the tax-  
 14 able year during which the eligible employer plan is  
 15 established with respect to the eligible employer shall  
 16 be 100 percent, and for taxable years thereafter  
 17 shall be determined under the following table:

<b>“In the case of the following taxable year beginning after the taxable year during which plan is established with respect to the eligible employer:</b>	<b>The applicable percentage shall be:</b>
1st .....	100%
2nd .....	75%
3rd .....	50%
4th .....	25%
Any taxable year thereafter .....	0%

18 “(4) DETERMINATION OF ELIGIBLE EMPLOYER;  
 19 NUMBER OF EMPLOYEES.—For purposes of this sub-  
 20 section, whether an employer is an eligible employer

1 and the number of employees of an employer shall  
2 be determined under the rules of subsection (c), ex-  
3 cept that paragraph (2) thereof shall only apply to  
4 the taxable year during which the eligible employer  
5 plan to which this section applies is established with  
6 respect to the eligible employer.”.

7 (c) DISALLOWANCE OF DEDUCTION.—Section  
8 45E(e)(2) of such Code is amended to read as follows:

9 “(2) DISALLOWANCE OF DEDUCTION.—No de-  
10 duction shall be allowed—

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

16 “(B) for that portion of the employer con-  
17 tributions by the employer for the taxable year  
18 which is equal to so much of the credit increase  
19 determined under subsection (f) as is properly  
20 allocable to such contributions.”.

21 (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2022.

1 **SEC. 103. PROMOTION OF SAVER'S CREDIT.**

2 (a) IN GENERAL.—The Secretary of the Treasury  
3 shall take such steps as the Secretary determines are nec-  
4 essary and appropriate to increase public awareness of the  
5 credit provided under section 25B of the Internal Revenue  
6 Code of 1986.

7 (b) REPORT TO CONGRESS.—

8 (1) IN GENERAL.—Not later than 90 days after  
9 the date of the enactment of this Act, the Secretary  
10 shall provide a report to Congress to summarize the  
11 anticipated promotion efforts of the Treasury under  
12 subsection (a).

13 (2) CONTENTS.—Such report shall include—

14 (A) a description of plans for—

15 (i) the development and distribution  
16 of digital and print materials, including the  
17 distribution of such materials to States for  
18 participants in State facilitated retirement  
19 savings programs, and

20 (ii) the translation of such materials  
21 into the 10 most commonly spoken lan-  
22 guages in the United States after English  
23 (as determined by reference to the most re-  
24 cent American Community Survey of the  
25 Bureau of the Census), and

1 (B) such other information as the Sec-  
2 retary determines is necessary

3 **SEC. 104. ENHANCEMENT OF SAVER'S CREDIT.**

4 (a) 50 PERCENT CREDIT RATE.—Section 25B(a) of  
5 the Internal Revenue Code of 1986 is amended by striking  
6 “the applicable percentage” and inserting “50 percent”.

7 (b) ADJUSTED GROSS INCOME PHASEOUTS.—Section  
8 25B(b) of such Code is amended to read as follows:

9 “(b) LIMITATION.—For purposes of this section—

10 “(1) IN GENERAL.—The amount of credit al-  
11 lowable under subsection (a) (determined without re-  
12 gard to this subsection) shall be reduced (but not  
13 below zero) by an amount which bears the same  
14 ratio to the credit otherwise so allowable as—

15 “(A) the excess (if any) of—

16 “(i) adjusted gross income of the tax-  
17 payer, over

18 “(ii) the threshold amount, bears to

19 “(B) the phaseout amount.

20 “(2) THRESHOLD AMOUNT.—The term ‘thresh-  
21 old amount’ means—

22 “(A) in the case of a joint return or a sur-  
23 viving spouse (as defined in section 2(a)),  
24 \$48,000,

1           “(B) in the case of a head of household, 75  
2 percent of the amount in effect for the taxable  
3 year under subparagraph (A), and

4           “(C) in the case of any other individual, 50  
5 percent of the amount in effect for the taxable  
6 year under subparagraph (A).

7           “(3) PHASEOUT AMOUNT.—The term ‘phaseout  
8 amount’ means—

9           “(A) in the case of a joint return or a sur-  
10 viving spouse (as defined in 2(a)), \$35,000,

11           “(B) in the case of a head of household (as  
12 defined in section 2(b)), 75 percent of the  
13 amount in effect for the taxable year under sub-  
14 paragraph (A), and

15           “(C) in the case of any other individual, 50  
16 percent of the amount in effect for the taxable  
17 year under subparagraph (A).

18           “(4) INFLATION ADJUSTMENT.—

19           “(A) IN GENERAL.—In the case of any  
20 taxable year beginning in a calendar year after  
21 2026, the \$48,000 dollar amount in paragraph  
22 (2) and the \$35,000 in paragraph (3) shall  
23 each be increased by an amount equal to—

24           “(i) such dollar amount, multiplied by

1           “(ii) the cost-of-living adjustment de-  
2           termined under section 1(f)(3) for the cal-  
3           endar year in which the taxable year be-  
4           gins, determined by substituting ‘calendar  
5           year 2022’ for ‘calendar year 2016’ in sub-  
6           paragraph (A)(ii) thereof.

7           “(B) ROUNDING.—Any increase deter-  
8           mined under subparagraph (A) that is not a  
9           multiple of \$500 shall be rounded to the near-  
10          est multiple of \$500.”.

11          (c) EFFECTIVE DATE.—The amendments made by  
12          this section shall apply to taxable years beginning after  
13          December 31, 2026.

14          **SEC. 105. ENHANCEMENT OF 403(b) PLANS.**

15          (a) IN GENERAL.—Section 403(b)(7)(A) of the Inter-  
16          nal Revenue Code of 1986 is amended by striking “if the  
17          amounts are to be invested in regulated investment com-  
18          pany stock to be held in that custodial account” and in-  
19          serting “if the amounts are to be held in that custodial  
20          account and invested in regulated investment company  
21          stock or a group trust intended to satisfy the requirements  
22          of Internal Revenue Service Revenue Ruling 81–100 (or  
23          any successor guidance)”.

24          (b) CONFORMING AMENDMENT.—The heading of  
25          paragraph (7) of section 403(b) of such Code is amended



1 by striking “FOR REGULATED INVESTMENT COMPANY  
2 STOCK”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to amounts invested after Decem-  
5 ber 31, 2022.

6 **SEC. 106. INCREASE IN AGE FOR REQUIRED BEGINNING**  
7 **DATE FOR MANDATORY DISTRIBUTIONS.**

8 (a) IN GENERAL.—Section 401(a)(9)(C)(i)(I) of the  
9 Internal Revenue Code of 1986 is amended by striking  
10 “age 72” and inserting “the applicable age”.

11 (b) SPOUSE BENEFICIARIES; SPECIAL RULE FOR  
12 OWNERS.—Subparagraphs (B)(iv)(I) and (C)(ii)(I) of sec-  
13 tion 401(a)(9) of such Code are each amended by striking  
14 “age 72” and inserting “the applicable age”.

15 (c) APPLICABLE AGE.—Section 401(a)(9)(C) of such  
16 Code is amended by adding at the end the following new  
17 clause:

18 “(v) APPLICABLE AGE.—

19 “(I) In the case of an individual  
20 who attains age 72 after December  
21 31, 2022, and age 73 before January  
22 1, 2030, the applicable age is 73.

23 “(II) In the case of an individual  
24 who attains age 73 after December

1 31, 2029, and age 74 before January  
2 1, 2033, the applicable age is 74.

3 “(III) In the case of an indi-  
4 vidual who attains age 74 after De-  
5 cember 31, 2032, the applicable age is  
6 75.”.

7 (d) CONFORMING AMENDMENTS.—The last sentence  
8 of section 408(b) of such Code is amended by striking  
9 “age 72” and inserting “the applicable age (determined  
10 under section 401(a)(9)(C)(v) for the calendar year in  
11 which such taxable year begins)”.

12 (e) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply to distributions required to be  
14 made after December 31, 2022, with respect to individuals  
15 who attain age 72 after such date.

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

17 (a) IN GENERAL.—Subparagraph (C) of section  
18 219(b)(5) of the Internal Revenue Code of 1986 is amend-  
19 ed by adding at the end the following new clause:

20 “(iii) INDEXING OF CATCH-UP LIMITA-  
21 TION.—In the case of any taxable year be-  
22 ginning in a calendar year after 2023, the  
23 \$1,000 amount under subparagraph (B)(ii)  
24 shall be increased by an amount equal to—

1 “(I) such dollar amount, multi-  
2 plied by

3 “(II) the cost-of-living adjust-  
4 ment determined under section 1(f)(3)  
5 for the calendar year in which the tax-  
6 able year begins, determined by sub-  
7 stituting ‘calendar year 2022’ for ‘cal-  
8 endar year 2016’ in subparagraph  
9 (A)(ii) thereof.

10 If any amount after adjustment under the  
11 preceding sentence is not a multiple of  
12 \$100, such amount shall be rounded to the  
13 next lower multiple of \$100.”.

14 (b) **EFFECTIVE DATE.**—The amendments made by  
15 this section shall apply to taxable years beginning after  
16 December 31, 2023.

17 **SEC. 108. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 62, 63,**  
18 **AND 64.**

19 (a) **IN GENERAL.**—

20 (1) **PLANS OTHER THAN SIMPLE PLANS.**—Sec-  
21 tion 414(v)(2)(B)(i) of the Internal Revenue Code of  
22 1986 is amended by inserting the following before  
23 the period: “(\$10,000, in the case of an eligible par-  
24 ticipant who would attain age 62, but not age 65,  
25 before the close of the taxable year)”.

1           (2) SIMPLE PLANS.—Section 414(v)(2)(B)(ii) of  
2           such Code is amended by inserting the following be-  
3           fore the period: “(\$5,000, in the case of an eligible  
4           participant who would attain age 62, but not age 65,  
5           before the close of the taxable year)”.

6           (b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph  
7           (C) of section 414(v)(2) of such Code is amended by add-  
8           ing at the end the following: “In the case of a year begin-  
9           ning after December 31, 2023, the Secretary shall adjust  
10          annually the \$10,000 amount in subparagraph (B)(i) and  
11          the \$5,000 amount in subparagraph (B)(ii) for increases  
12          in the cost-of-living at the same time and in the same  
13          manner as adjustments under the preceding sentence; ex-  
14          cept that the base period taken into account shall be the  
15          calendar quarter beginning July 1, 2022.”.

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

19   **SEC. 109. POOLED EMPLOYER PLANS MODIFICATION.**

20          (a) IN GENERAL.—Section 3(43)(B)(ii) of the Em-  
21          ployee Retirement Income Security Act of 1974 (29  
22          U.S.C. 1002(43)(B)(ii)) is amended to read as follows:

23                         “(ii) designate a named fiduciary  
24                         (other than an employer in the plan) to be  
25                         responsible for collecting contributions to

1 the plan and require such fiduciary to im-  
2 plement written contribution collection pro-  
3 cedures that are reasonable, diligent, and  
4 systematic;”.

5 (b) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to plan years beginning after De-  
7 cember 31, 2022.

8 **SEC. 110. MULTIPLE EMPLOYER 403(b) PLANS.**

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

12 “(15) MULTIPLE EMPLOYER PLANS.—

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

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

21 “(i) IN GENERAL.—In the case of a  
22 plan maintained by more than 1 employer,  
23 this subsection shall not be treated as fail-  
24 ing to apply to an annuity contract held  
25 under such plan merely because of one or

1 more employers failing to meet the require-  
2 ments of this subsection if such plan satis-  
3 fies rules similar to the rules of section  
4 413(e)(2) with respect to any such em-  
5 ployer failure.

6 “(ii) ADDITIONAL REQUIREMENTS IN  
7 CASE OF NON-GOVERNMENTAL PLANS.—A  
8 plan shall not be treated as meeting the re-  
9 quirements of this subparagraph unless the  
10 plan satisfies rules similar to the rules of  
11 subparagraph (A) or (B) of section  
12 413(e)(1), except in the case of a multiple  
13 employer plan maintained solely by any of  
14 the following: A State, a political subdivi-  
15 sion of a State, or an agency or instrumen-  
16 tality of any one or more of the fore-  
17 going.”.

18 (b) ANNUAL REGISTRATION FOR 403(b) MULTIPLE  
19 EMPLOYER PLAN.—Section 6057 of such Code is amend-  
20 ed by redesignating subsection (g) as subsection (h) and  
21 by inserting after subsection (f) the following new sub-  
22 section:

23 “(g) 403(b) MULTIPLE EMPLOYER PLANS TREATED  
24 AS ONE PLAN.—In the case of annuity contracts to which  
25 this section applies and to which section 403(b) applies

1 by reason of the plan under which such contracts are pur-  
2 chased meeting the requirements of paragraph (15) there-  
3 of, such plan shall be treated as a single plan for purposes  
4 of this section.”.

5 (c) ANNUAL INFORMATION RETURNS FOR 403(b)  
6 MULTIPLE EMPLOYER PLAN.—Section 6058 of such Code  
7 is amended by redesignating subsection (f) as subsection  
8 (g) and by inserting after subsection (e) the following new  
9 subsection:

10 “(f) 403(b) MULTIPLE EMPLOYER PLANS TREATED  
11 AS ONE PLAN.—In the case of annuity contracts to which  
12 this section applies and to which section 403(b) applies  
13 by reason of the plan under which such contracts are pur-  
14 chased meeting the requirements of paragraph (15) there-  
15 of, such plan shall be treated as a single plan for purposes  
16 of this section.”.

17 (d) AMENDMENTS TO EMPLOYEE RETIREMENT IN-  
18 COME SECURITY ACT OF 1974.—

19 (1) IN GENERAL.—Section 3(43)(A) of the Em-  
20 ployee Retirement Income Security Act of 1974 is  
21 amended—

22 (A) in clause (ii), by striking “section  
23 501(a) of such Code or” and inserting “section  
24 501(a) of such Code, a plan that consists of

1 contracts described in section 403(b) of such  
2 Code, or”; and

3 (B) in the flush text at the end, by striking  
4 “the plan.” and inserting “the plan, but such  
5 term shall include any program (other than a  
6 governmental plan) maintained for the benefit  
7 of the employees of more than 1 employer that  
8 consists of contracts described in section 403(b)  
9 of such Code and that meets the requirements  
10 of subparagraph (A) or (B) of section 413(e)(1)  
11 of such Code.”.

12 (2) CONFORMING AMENDMENTS.—Sections  
13 3(43)(B)(v)(II) and 3(44)(A)(i)(I) of the Employee  
14 Retirement Income Security Act of 1974 are each  
15 amended by striking “section 401(a) of such Code  
16 or” and inserting “section 401(a) of such Code, a  
17 plan that consists of contracts described in section  
18 403(b) of such Code, or”.

19 (e) REGULATIONS RELATING TO EMPLOYER FAIL-  
20 URE TO MEET MULTIPLE EMPLOYER PLAN REQUIRE-  
21 MENTS.—The Secretary of the Treasury (or the Sec-  
22 retary’s delegate) shall prescribe such regulations as may  
23 be necessary to clarify, in the case of plans to which sec-  
24 tion 403(b)(15) of the Internal Revenue Code of 1986 ap-  
25 plies, the treatment of an employer departing such plan



1 in connection with such employer's failure to meet mul-  
2 tiple employer plan requirements.

3 (f) MODIFICATION OF MODEL PLAN LANGUAGE,  
4 ETC.—

5 (1) PLAN NOTIFICATIONS.—The Secretary of  
6 the Treasury (or the Secretary's delegate) shall mod-  
7 ify the model plan language published under section  
8 413(e)(5) of the Internal Revenue Code of 1986 to  
9 include language that notifies participating employ-  
10 ers described in section 501(c)(3), and which are ex-  
11 empt from tax under section 501(a), that the plan  
12 is subject to the Employee Retirement Income Secu-  
13 rity Act of 1974 and that such employer is a plan  
14 sponsor with respect to its employees participating  
15 in the multiple employer plan and, as such, has cer-  
16 tain fiduciary duties with respect to the plan and to  
17 its employees.

18 (2) MODEL PLANS FOR MULTIPLE EMPLOYER  
19 403(b) NON-GOVERNMENTAL PLANS.—For plans to  
20 which section 403(b)(15)(A) of the Internal Revenue  
21 Code of 1986 applies (other than a plan maintained  
22 for its employees by a State, a political subdivision  
23 of a State, or an agency or instrumentality of any  
24 one or more of the foregoing), the Secretary of the  
25 Treasury shall publish model plan language similar

1 to model plan language published under section  
2 413(e)(5) of such Code.

3 (3) EDUCATIONAL OUTREACH TO EMPLOYERS  
4 EXEMPT FROM TAX.—The Secretary of the Treasury  
5 (or the Secretary’s delegate) shall provide education  
6 and outreach to increase awareness to employers de-  
7 scribed in section 501(c)(3) of the Internal Revenue  
8 Code of 1986, and which are exempt from tax under  
9 section 501(a) of such Code, that multiple employer  
10 plans are subject to the Employee Retirement In-  
11 come Security Act of 1974 and that such employer  
12 is a plan sponsor with respect to its employees par-  
13 ticipating in the multiple employer plan and, as  
14 such, has certain fiduciary duties with respect to the  
15 plan and to its employees.

16 (g) NO INFERENCE WITH RESPECT TO CHURCH  
17 PLANS.—Regarding any application of section 403(b) of  
18 the Internal Revenue Code of 1986 to an annuity contract  
19 purchased under a church plan (as defined in section  
20 414(e) of such Code) maintained by more than 1 em-  
21 ployer, or to any application of rules similar to section  
22 413(e) of such Code to such a plan, no inference shall  
23 be made from section 403(b)(15)(A) of such Code (as  
24 added by this Act) not applying to such plans.

25 (h) EFFECTIVE DATE.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall apply to plan years beginning after  
3 December 31, 2022.

4           (2) RULE OF CONSTRUCTION.—Nothing in the  
5 amendments made by subsection (a) shall be con-  
6 strued as limiting the authority of the Secretary of  
7 the Treasury or the Secretary’s delegate (determined  
8 without regard to such amendment) to provide for  
9 the proper treatment of a failure to meet any re-  
10 quirement applicable under the Internal Revenue  
11 Code of 1986 with respect to one employer (and its  
12 employees) in the case of a plan to which section  
13 403(b)(15) of the Internal Revenue Code of 1986  
14 applies.

15 **SEC. 111. TREATMENT OF STUDENT LOAN PAYMENTS AS**  
16 **ELECTIVE DEFERRALS FOR PURPOSES OF**  
17 **MATCHING CONTRIBUTIONS.**

18           (a) IN GENERAL.—Section 401(m)(4)(A) of the In-  
19 ternal Revenue Code of 1986 is amended by striking  
20 “and” at the end of clause (i), by striking the period at  
21 the end of clause (ii) and inserting “, and”, and by adding  
22 at the end the following new clause:

23                           “(iii) subject to the requirements of  
24                           paragraph (13), any employer contribution  
25                           made to a defined contribution plan on be-

1 half of an employee on account of a quali-  
2 fied student loan payment.”.

3 (b) QUALIFIED STUDENT LOAN PAYMENT.—Section  
4 401(m)(4) of such Code is amended by adding at the end  
5 the following new subparagraph:

6 “(D) QUALIFIED STUDENT LOAN PAY-  
7 MENT.—The term ‘qualified student loan pay-  
8 ment’ means a payment made by an employee  
9 in repayment of a qualified education loan (as  
10 defined section 221(d)(1)) incurred by the em-  
11 ployee to pay qualified higher education ex-  
12 penses, but only—

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

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

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

23 “(ii) if the employee certifies to the  
24 employer making the matching contribu-

1           tion under this paragraph that such pay-  
2           ment has been made on such loan.

3           For purposes of this subparagraph, the term  
4           ‘qualified higher education expenses’ means the  
5           cost of attendance (as defined in section 472 of  
6           the Higher Education Act of 1965, as in effect  
7           on the day before the date of the enactment of  
8           the Taxpayer Relief Act of 1997) at an eligible  
9           educational institution (as defined in section  
10          221(d)(2)).”.

11          (c) MATCHING CONTRIBUTIONS FOR QUALIFIED  
12          STUDENT LOAN PAYMENTS.—Section 401(m) of such  
13          Code is amended by redesignating paragraph (13) as para-  
14          graph (14), and by inserting after paragraph (12) the fol-  
15          lowing new paragraph:

16                 “(13) MATCHING CONTRIBUTIONS FOR QUALI-  
17                 FIED STUDENT LOAN PAYMENTS.—

18                         “(A) IN GENERAL.—For purposes of para-  
19                         graph (4)(A)(iii), an employer contribution  
20                         made to a defined contribution plan on account  
21                         of a qualified student loan payment shall be  
22                         treated as a matching contribution for purposes  
23                         of this title if—

24                                 “(i) the plan provides matching con-  
25                                 tributions on account of elective deferrals

1 at the same rate as contributions on ac-  
2 count of qualified student loan payments,

3 “(ii) the plan provides matching con-  
4 tributions on account of qualified student  
5 loan payments only on behalf of employees  
6 otherwise eligible to receive matching con-  
7 tributions on account of elective deferrals,

8 “(iii) under the plan, all employees el-  
9 igible to receive matching contributions on  
10 account of elective deferrals are eligible to  
11 receive matching contributions on account  
12 of qualified student loan payments, and

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

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

20 “(i) NONDISCRIMINATION RULES.—  
21 For purposes of subparagraph (A)(iii),  
22 subsection (a)(4), and section 410(b),  
23 matching contributions described in para-  
24 graph (4)(A)(iii) shall not fail to be treated  
25 as available to an employee solely because

1 such employee does not have debt incurred  
2 under a qualified education loan (as de-  
3 fined in section 221(d)(1)).

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

9 “(iii) MATCHING CONTRIBUTION  
10 RULES.—Solely for purposes of meeting  
11 the requirements of paragraph (11)(B) or  
12 (12) of this subsection, or paragraph  
13 (11)(B)(i)(II), (12)(B), or (13)(D) of sub-  
14 section (k), a plan may treat a qualified  
15 student loan payment as an elective defer-  
16 ral or an elective contribution, whichever is  
17 applicable.

18 “(iv) ACTUAL DEFERRAL PERCENT-  
19 AGE TESTING.—In determining whether a  
20 plan meets the requirements of subsection  
21 (k)(3)(A)(ii) for a plan year, the plan may  
22 apply the requirements of such subsection  
23 separately with respect to all employees  
24 who receive matching contributions de-

1 scribed in paragraph (4)(A)(iii) for the  
2 plan year.

3 “(C) EMPLOYER MAY RELY ON EMPLOYEE  
4 CERTIFICATION.—The employer may rely on an  
5 employee certification of payment under para-  
6 graph (4)(D)(ii).”.

7 (d) SIMPLE RETIREMENT ACCOUNTS.—Section  
8 408(p)(2) of such Code is amended by adding at the end  
9 the following new subparagraph:

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

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

22 “(I) the applicable dollar amount  
23 under subparagraph (E) (after appli-  
24 cation of section 414(v)) for the year  
25 (or, if lesser, the employee’s com-



1                   pensation (as defined in section  
2                   415(c)(3)) for the year), reduced by

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

6                   “(ii) QUALIFIED STUDENT LOAN PAY-  
7                   MENT.—For purposes of this subpara-  
8                   graph—

9                   “(I) IN GENERAL.—The term  
10                  ‘qualified student loan payment’  
11                  means a payment made by an em-  
12                  ployee in repayment of a qualified  
13                  education loan (as defined in section  
14                  221(d)(1)) incurred by the employee  
15                  to pay qualified higher education ex-  
16                  penses, but only if the employee cer-  
17                  tifies to the employer making the  
18                  matching contribution that such pay-  
19                  ment has been made on such a loan.

20                  “(II) QUALIFIED HIGHER EDU-  
21                  CATION EXPENSES.—The term ‘quali-  
22                  fied higher education expenses’ has  
23                  the same meaning as when used in  
24                  section 401(m)(4)(D).

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

4                               “(I) matching contributions on  
5                               account of qualified student loan pay-  
6                               ments are provided only on behalf of  
7                               employees otherwise eligible to elect  
8                               contributions under subparagraph  
9                               (A)(i)(I), and

10                              “(II) all employees otherwise eli-  
11                              gible to participate in the arrange-  
12                              ment are eligible to receive matching  
13                              contributions on account of qualified  
14                              student loan payments.”.

15           (e) 403(b) PLANS.—Section 403(b)(12)(A) of such  
16 Code is amended by adding at the end the following: “The  
17 fact that the employer offers matching contributions on  
18 account of qualified student loan payments as described  
19 in section 401(m)(13) shall not be taken into account in  
20 determining whether the arrangement satisfies the re-  
21 quirements of clause (ii) (and any regulation there-  
22 under).”.

23           (f) 457(b) PLANS.—Section 457(b) of such Code is  
24 amended by adding at the end the following: “A plan  
25 which is established and maintained by an employer which

1 is described in subsection (e)(1)(A) shall not be treated  
2 as failing to meet the requirements of this subsection sole-  
3 ly because the plan, or another plan maintained by the  
4 employer which meets the requirements of section 401(a)  
5 or 403(b), provides for matching contributions on account  
6 of qualified student loan payments as described in section  
7 401(m)(13).”.

8 (g) REGULATORY AUTHORITY.—The Secretary shall  
9 prescribe regulations for purposes of implementing the  
10 amendments made by this section, including regulations—

11 (1) permitting a plan to make matching con-  
12 tributions for qualified student loan payments, as  
13 defined in sections 401(m)(4)(D) and 408(p)(2)(F)  
14 of the Internal Revenue Code of 1986, as added by  
15 this section, at a different frequency than matching  
16 contributions are otherwise made under the plan,  
17 provided that the frequency is not less than annu-  
18 ally;

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

1           (3) promulgating model amendments which  
2           plans may adopt to implement matching contribu-  
3           tions on such qualified student loan payments for  
4           purposes of sections 401(m), 408(p), 403(b), and  
5           457(b) of the Internal Revenue Code of 1986.

6           (h) EFFECTIVE DATE.—The amendments made by  
7           this section shall apply to contributions made for plan  
8           years beginning after December 31, 2022.

9   **SEC. 112. APPLICATION OF CREDIT FOR SMALL EMPLOYER**  
10                           **PENSION PLAN STARTUP COSTS TO EMPLOY-**  
11                           **ERS WHICH JOIN AN EXISTING PLAN.**

12           (a) IN GENERAL.—Section 45E(d)(3)(A) of the In-  
13           ternal Revenue Code of 1986 is amended by striking “ef-  
14           fective” and inserting “effective with respect to the eligible  
15           employer”.

16           (b) EFFECTIVE DATE.—The amendment made by  
17           this section shall take effect as if included in the enact-  
18           ment of section 104 of the Setting Every Community Up  
19           for Retirement Enhancement Act of 2019.

20   **SEC. 113. MILITARY SPOUSE RETIREMENT PLAN ELIGI-**  
21                           **BILITY CREDIT FOR SMALL EMPLOYERS.**

22           (a) IN GENERAL.—Subpart D of part IV of sub-  
23           chapter A of chapter 1 of the Internal Revenue Code of  
24           1986 is amended by adding at the end the following new  
25           section:

1 **“SEC. 45U. MILITARY SPOUSE RETIREMENT PLAN ELIGI-**  
2 **BILITY CREDIT FOR SMALL EMPLOYERS.**

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

8 “(1) \$250 with respect to each military spouse  
9 who is an employee of such employer and who is eli-  
10 gible to participate in an eligible defined contribu-  
11 tion plan of such employer at any time during such  
12 taxable year, plus

13 “(2) so much of the contributions made by such  
14 employer to all such plans with respect to such em-  
15 ployee during such taxable year as do not exceed  
16 \$250.

17 “(b) LIMITATION.—An individual shall only be taken  
18 into account as a military spouse under subsection (a) for  
19 the taxable year which includes the date on which such  
20 individual began participating in the eligible defined con-  
21 tribution plan of the employer and the 2 succeeding tax-  
22 able years.

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

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

4           “(2) APPLICATION OF 2-YEAR GRACE PERIOD.—  
5 A rule similar to the rule of section  
6 408(p)(2)(C)(i)(II) shall apply for purposes of this  
7 section.

8           “(d) MILITARY SPOUSE.—For purposes of this sec-  
9 tion—

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

22           “(2) EXCLUSION OF HIGHLY COMPENSATED  
23 EMPLOYEES.—With respect to any employer, the  
24 term ‘military spouse’ shall not include any indi-  
25 vidual if such individual is a highly compensated em-

1        ployee of such employer (within the meaning of sec-  
2        tion 414(q)).

3        “(e) ELIGIBLE DEFINED CONTRIBUTION PLAN.—

4 For purposes of this section, the term ‘eligible defined con-  
5 tribution plan’ means, with respect to any eligible small  
6 employer, any defined contribution plan (as defined in sec-  
7 tion 414(i)) of such employer if, under the terms of such  
8 plan—

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

14            “(2) military spouses who are eligible to partici-  
15        pate in such plan—

16            “(A) are immediately eligible to receive an  
17        amount of employer contributions under such  
18        plan which is not less the amount of such con-  
19        tributions that a similarly situated participant  
20        who is not a military spouse would be eligible  
21        to receive under such plan after 2 years of serv-  
22        ice, and

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

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

5       (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-  
6 NESS CREDIT.—Section 38(b) of such Code is amended  
7 by striking “plus” at the end of paragraph (32), by strik-  
8 ing the period at the end of paragraph (33) and inserting  
9 “, plus”, and by adding at the end the following new para-  
10 graph:

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

15       (c) SPECIFIED CREDIT FOR PURPOSES OF CER-  
16 TIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—  
17 Section 3511(d)(2) of such Code is amended by redesignig-  
18 nating subparagraphs (F), (G), and (H) as subparagraphs  
19 (G), (H), and (I), respectively, and by inserting after sub-  
20 paragraph (E) the following new subparagraph:

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

23       (d) CLERICAL AMENDMENT.—The table of sections  
24 for subpart D of part IV of subchapter A of chapter 1



1 of such Code is amended by adding at the end the fol-  
2 lowing new item:

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

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

6 **SEC. 114. SMALL IMMEDIATE FINANCIAL INCENTIVES FOR**  
7 **CONTRIBUTING TO A PLAN.**

8 (a) **IN GENERAL.**—Subparagraph (A) of section  
9 401(k)(4) of the Internal Revenue Code of 1986 is amend-  
10 ed by inserting “(other than a de minimis financial incen-  
11 tive)” after “any other benefit”.

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

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

1 “(24) the provision of a de minimis financial in-  
2 centive described in section 401(k)(4)(A).”.

3 (d) AMENDMENT OF EMPLOYEE RETIREMENT IN-  
4 COME SECURITY ACT OF 1974.—Subsection (b) of section  
5 408 of the Employee Retirement Income Security Act of  
6 1974 (29 U.S.C. 1108(b)) is amended by adding at the  
7 end the following new paragraph:

8 “(21) The provision of a de minimis financial  
9 incentive described in section 401(k)(4)(A) or sec-  
10 tion 403(b)(12)(A) of the Internal Revenue Code of  
11 1986.”.

12 (e) EFFECTIVE DATE.—The amendments made by  
13 this section shall apply with respect to plan years begin-  
14 ning after the date of enactment of this Act.

15 **SEC. 115. SAFE HARBOR FOR CORRECTIONS OF EMPLOYEE**  
16 **ELECTIVE DEFERRAL FAILURES.**

17 (a) IN GENERAL.—Section 414 of the Internal Rev-  
18 enue Code of 1986 is amended by adding at the end the  
19 following new subsection:

20 “(aa) CORRECTING AUTOMATIC CONTRIBUTION ER-  
21 RORS.—

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

1           “(2) CORRECTED ERROR DEFINED.—For pur-  
2           poses of this subsection, the term ‘corrected error’  
3           means a reasonable administrative error in imple-  
4           menting an automatic enrollment or automatic esca-  
5           lation feature in accordance with the terms of an eli-  
6           gible automatic contribution arrangement (as de-  
7           fined under subsection (w)(3)), provided that such  
8           implementation error—

9                   “(A) is corrected by the date that is 9½  
10                  months after the end of the plan year during  
11                  which the error occurred,

12                  “(B) is corrected in a manner that is fa-  
13                  vorable to the participant, and

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

17           Such correction may occur before or after the partic-  
18           ipant has terminated employment and may occur  
19           without regard to whether the error is identified by  
20           the Secretary.

21           “(3) REGULATIONS AND GUIDANCE FOR FAVOR-  
22           ABLE CORRECTION METHODS.—The Secretary shall,  
23           by regulations or other guidance of general applica-  
24           bility, specify the correction methods that are in a

1 manner favorable to the participant for purposes of  
2 paragraph (2)(B).”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall apply with respect to any errors with  
5 respect to which the date referred to in section 414(aa)  
6 (as added by this section) is after the date of enactment  
7 of this Act.

8 **SEC. 116. IMPROVING COVERAGE FOR PART-TIME WORK-**  
9 **ERS.**

10 (a) **IN GENERAL.**—Section 202 of the Employee Re-  
11 tirement Income Security Act of 1974 (29 U.S.C. 1052)  
12 is amended by adding at the end the following new sub-  
13 section:

14 “(c) **SPECIAL RULE FOR CERTAIN PART-TIME EM-**  
15 **PLOYEES.**—

16 “(1) **IN GENERAL.**—A pension plan that in-  
17 cludes either a qualified cash or deferred arrange-  
18 ment (as defined in section 401(k) of the Internal  
19 Revenue Code of 1986) or a salary reduction agree-  
20 ment (as described in section 403(b) of such Code)  
21 shall not require, as a condition of participation in  
22 the arrangement or agreement, that an employee  
23 complete a period of service with the employer (or  
24 employers) maintaining the plan extending beyond  
25 the close of the earlier of—

1           “(A) the period permitted under subsection  
2           (a)(1) (determined without regard to subpara-  
3           graph (B)(i) thereof); or

4           “(B) the first 24-month period—

5           “(i) consisting of 2 consecutive 12-  
6           month periods during each of which the  
7           employee has at least 500 hours of service;  
8           and

9           “(ii) by the close of which the em-  
10          ployee has attained the age of 21.

11          “(2) EXCEPTION.—Paragraph (1)(B) shall not  
12          apply to any employee described in section 410(b)(3)  
13          of the Internal Revenue Code of 1986.

14          “(3) COORDINATION WITH OTHER RULES.—

15          “(A) IN GENERAL.—In the case of employ-  
16          ees who are eligible to participate in the ar-  
17          rangement or agreement solely by reason of  
18          paragraph (1)(B):

19          “(i) EXCLUSIONS.—An employer may  
20          elect to exclude such employees from the  
21          application of subsections (a)(4), (k)(3),  
22          (k)(12), (k)(13), and (m)(2) of section 401  
23          of the Internal Revenue Code of 1986 and  
24          section 410(b) of such Code.

1                   “(ii) NONDISCRIMINATION RULES.—  
2                   Notwithstanding paragraph (1), section  
3                   401(k)(15)(B)(i)(I) of such Code shall  
4                   apply.

5                   “(iii) TIME OF PARTICIPATION.—The  
6                   rules of subsection (a)(4) shall apply to  
7                   such employees.

8                   “(B) TOP-HEAVY RULES.—An employer  
9                   may elect to exclude all employees who are eligi-  
10                  ble to participate in a plan maintained by the  
11                  employer solely by reason of paragraph (1)(B)  
12                  from the application of the vesting and benefit  
13                  requirements under subsections (b) and (c) of  
14                  section 416 of the Internal Revenue Code of  
15                  1986.

16                  “(4) 12-MONTH PERIOD.—For purposes of this  
17                  subsection, 12-month periods shall be determined in  
18                  the same manner as under the last sentence of sub-  
19                  section (a)(3)(A), except that 12-month periods be-  
20                  ginning before January 1, 2021, shall not be taken  
21                  into account.”

22                  (b) VESTING.—Section 203(b) of the Employee Re-  
23                  tirement Income Security Act of 1974 (29 U.S.C.  
24                  1053(a)) is amended by redesignating paragraph (4) as

1 paragraph (5) and by inserting after paragraph (3) the  
2 following new paragraph:

3 “(4) PART-TIME EMPLOYEES.—For purposes of  
4 determining whether an employee who is eligible to  
5 participate in a qualified cash or deferred arrange-  
6 ment or a salary reduction agreement under a plan  
7 solely by reason of section 202(c)(1)(B) has a non-  
8 forfeitable right to employer contributions—

9 “(A) except as provided in subparagraph  
10 (B), each 12-month period for which the em-  
11 ployee has at least 500 hours of service shall be  
12 treated as a year of service; and

13 “(B) paragraph (3) shall be applied by  
14 substituting ‘at least 500 hours of service’ for  
15 ‘more than 500 hours of service’ in subpara-  
16 graph (A) thereof.

17 For purposes of this paragraph, 12-month periods  
18 shall be determined in the same manner as under  
19 the last sentence of section 202(a)(3)(A), except that  
20 12-month periods beginning before January 1, 2021,  
21 shall not be taken into account.”.

22 (c) REDUCTION IN PERIOD SERVICE REQUIREMENT  
23 FOR QUALIFIED CASH AND DEFERRED ARRANGE-  
24 MENTS.—Section 401(k)(2)(D)(ii) of the Internal Revenue

1 Code of 1986 is amended by striking “3” and inserting  
2 “2”.

3 (d) PRE-2021 SERVICE.—Section 112(b) of the Set-  
4 ting Every Community Up for Retirement Enhancement  
5 Act of 2019 (26 U.S.C. 401 note) is amended by striking  
6 “section 401(k)(2)(D)(ii)” and inserting “paragraphs  
7 (2)(D)(ii) and (15)(B)(iii) of section 401(k)”.

8 (e) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as provided in para-  
10 graph (2), the amendments made by this section  
11 shall apply to plan years beginning after December  
12 31, 2022.

13 (2) SUBSECTION (d).—The amendment made  
14 by subsection (d) shall take effect as if included in  
15 the enactment of section 112 of the Setting Every  
16 Community Up for Retirement Enhancement Act of  
17 2019.

18 **SEC. 117. DEFERRAL OF TAX FOR CERTAIN SALES OF EM-**  
19 **PLOYER STOCK TO EMPLOYEE STOCK OWN-**  
20 **ERSHIP PLAN SPONSORED BY S CORPORA-**  
21 **TION.**

22 (a) IN GENERAL.—Section 1042(c)(1)(A) of the In-  
23 ternal Revenue Code of 1986 is amended by striking “do-  
24 mestic C corporation” and inserting “domestic corpora-  
25 tion”.



1 (b) 10 PERCENT LIMITATION ON APPLICATION OF  
2 GAIN ON SALE OF S CORPORATION STOCK.—Section  
3 1042 of such Code is amended by adding at the end the  
4 following new subsection:

5 “(h) APPLICATION OF SECTION TO SALE OF STOCK  
6 IN S CORPORATION.—In the case of the sale of qualified  
7 securities of an S corporation, the election under sub-  
8 section (a) may be made with respect to not more than  
9 10 percent of the amount realized on such sale for pur-  
10 poses of determining the amount of gain not recognized  
11 and the extent to which (if at all) the amount realized  
12 on such sale exceeds the cost of qualified replacement  
13 property. The portion of adjusted basis that is properly  
14 allocable to the portion of the amount realized with respect  
15 to which the election is made under this subsection shall  
16 be taken into account for purposes of the preceding sen-  
17 tence.”.

18 (c) EFFECTIVE DATE.—The amendments made by  
19 this section shall apply to sales after December 31, 2027.

20 **SEC. 118. CERTAIN SECURITIES TREATED AS PUBLICLY**  
21 **TRADED IN CASE OF EMPLOYEE STOCK OWN-**  
22 **ERSHIP PLANS.**

23 (a) IN GENERAL.—Section 401(a)(35) of the Internal  
24 Revenue Code of 1986 is amended by adding at the end  
25 the following new subparagraph:

1           “(I) ESOP RULES RELATING TO PUBLICLY  
2           TRADED SECURITIES.—In the case of an appli-  
3           cable defined contribution plan which is an em-  
4           ployee stock ownership plan, an employer secu-  
5           rity shall be treated as described in subpara-  
6           graph (G)(v) if—

7                   “(i) the security is the subject of  
8                   priced quotations by at least 4 dealers,  
9                   published and made continuously available  
10                  on an interdealer quotation system (as  
11                  such term is used in section 13 of the Se-  
12                  curities Exchange Act of 1934) which has  
13                  made the request described in section 6(j)  
14                  of such Act to be treated as an alternative  
15                  trading system,

16                  “(ii) the security is not a penny stock  
17                  (as defined by section 3(a)(51) of such  
18                  Act),

19                  “(iii) the security is issued by a cor-  
20                  poration which is not a shell company (as  
21                  such term is used in section 4(d)(6) of the  
22                  Securities Act of 1933), a blank check  
23                  company (as defined in section 7(b)(3) of  
24                  such Act), or subject to bankruptcy pro-  
25                  ceedings,

1           “(iv) the security has a public float  
2           (as such term is used in section 240.12b-  
3           2 of title 17, Code of Federal Regulations)  
4           which has a fair market value of at least  
5           \$1,000,000 and constitutes at least 10 per-  
6           cent of the total shares issued and out-  
7           standing.

8           “(v) in the case of a security issued  
9           by a domestic corporation, the issuer pub-  
10          lishes, not less frequently than annually, fi-  
11          nancial statements audited by an inde-  
12          pendent auditor registered with the Public  
13          Company Accounting Oversight Board es-  
14          tablished under the Sarbanes-Oxley Act of  
15          2002, and

16          “(vi) in the case of a security issued  
17          by a foreign corporation, the security is  
18          represented by a depositary share (as de-  
19          fined under section 240.12b-2 of title 17,  
20          Code of Federal Regulations), or is issued  
21          by a foreign corporation incorporated in  
22          Canada and readily tradeable on an estab-  
23          lished securities market in Canada, and  
24          the issuer—

1                   “(I) is subject to, and in compli-  
2                   ance with, the reporting requirements  
3                   of section 13 or 15(d) of the Securi-  
4                   ties Exchange Act of 1934 (15 U.S.C.  
5                   78m or 78o(d)),

6                   “(II) is subject to, and in compli-  
7                   ance with, the reporting requirements  
8                   of section 230.257 of title 17, Code of  
9                   Federal Regulations, or

10                   “(III) is exempt from such re-  
11                   quirements under section 240.12g3-  
12                   2(b) of title 17, Code of Federal Reg-  
13                   ulations.”.

14           (b) **EFFECTIVE DATE.**—The amendments made by  
15 this section shall apply to plan years beginning after De-  
16 cember 31, 2027.

17           **TITLE II—PRESERVATION OF**  
18           **INCOME**

19           **SEC. 201. REMOVE REQUIRED MINIMUM DISTRIBUTION**  
20           **BARRIERS FOR LIFE ANNUITIES.**

21           (a) **IN GENERAL.**—Section 401(a)(9) of the Internal  
22 Revenue Code of 1986 is amended by adding at the end  
23 the following new subparagraph:

24                   “(J) **CERTAIN INCREASES IN PAYMENTS**  
25                   **UNDER A COMMERCIAL ANNUITY.**—Nothing in

1 this section shall prohibit a commercial annuity  
2 (within the meaning of section 3405(e)(6)) that  
3 is issued in connection with any eligible retire-  
4 ment plan (within the meaning of section  
5 402(c)(8)(B), other than a defined benefit plan)  
6 from providing one or more of the following  
7 types of payments on or after the annuity start-  
8 ing date:

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

13 “(ii) a lump sum payment that—

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

23 “(II) accelerates the receipt of  
24 annuity payments that are scheduled  
25 to be received within the ensuing 12

1 months, regardless of whether such  
2 acceleration shortens the payment pe-  
3 riod with respect to the annuity, re-  
4 duces the dollar amount of benefits to  
5 be paid under the contract, or results  
6 in a suspension of annuity payments  
7 during the period being accelerated,

8 “(iii) an amount which is in the na-  
9 ture of a dividend or similar distribution,  
10 provided that the issuer of the contract de-  
11 termines such amount based on a reason-  
12 able comparison of the actuarial factors as-  
13 sumed when calculating the initial annuity  
14 payments and the issuer’s experience with  
15 respect to those factors, or

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

22 (b) EFFECTIVE DATE.—This section shall apply to  
23 calendar years ending after the date of the enactment of  
24 this Act.

1 **SEC. 202. QUALIFYING LONGEVITY ANNUITY CONTRACTS.**

2 (a) IN GENERAL.—Not later than the date which is  
3 1 year after the date of the enactment of this Act, the  
4 Secretary of the Treasury or the Secretary’s delegate  
5 (hereafter in this section referred to as the “Secretary”)  
6 shall amend the regulation issued by the Department of  
7 the Treasury relating to “Longevity Annuity Contracts”  
8 (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

9 (1) REPEAL 25-PERCENT PREMIUM LIMIT.—The  
10 Secretary shall amend Q&A–17(b)(3) of Treasury  
11 Regulation section 1.401(a)(9)–6 and Q&A–12(b)(3)  
12 of Treasury Regulation section 1.408–8 to eliminate  
13 the requirement that premiums for qualifying lon-  
14 gevity annuity contracts be limited to a percentage  
15 of an individual’s account balance, and to make such  
16 corresponding changes to the regulations and related  
17 forms as are necessary to reflect the elimination of  
18 this requirement.

19 (2) FACILITATE JOINT AND SURVIVOR BENE-  
20 FITS.—The Secretary shall amend Q&A–17(c) of  
21 Treasury Regulation section 1.401(a)(9)–6, and  
22 make such corresponding changes to the regulations  
23 and related forms as are necessary, to provide that,  
24 in the case of a qualifying longevity annuity contract  
25 which was purchased with joint and survivor annuity  
26 benefits for the individual and the individual’s

1 spouse which were permissible under the regulations  
2 at the time the contract was originally purchased, a  
3 divorce occurring after the original purchase and be-  
4 fore the annuity payments commence under the con-  
5 tract will not affect the permissibility of the joint  
6 and survivor annuity benefits or other benefits under  
7 the contract, or require any adjustment to the  
8 amount or duration of benefits payable under the  
9 contract, provided that any qualified domestic rela-  
10 tions order (within the meaning of section 414(p) of  
11 the Internal Revenue Code of 1986) or, in the case  
12 of an arrangement not subject to section 414(p) of  
13 such Code or section 206(d) of the Employee Retire-  
14 ment Income Security Act of 1974 (29 U.S.C.  
15 1056(d)), any divorce or separation instrument (as  
16 defined in subsection (b))—

17 (A) provides that the former spouse is en-  
18 titled to the survivor benefits under the con-  
19 tract;

20 (B) does not modify the treatment of the  
21 former spouse as the beneficiary under the con-  
22 tract who is entitled to the survivor benefits; or

23 (C) does not modify the treatment of the  
24 former spouse as the measuring life for the sur-  
25 vivor benefits under the contract.



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

8           (b) DIVORCE OR SEPARATION INSTRUMENT.—For  
9           purposes of subsection (a)(2), the term “divorce or separa-  
10          tion instrument” means—

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

13           (2) a written separation agreement, or

14           (3) a decree (not described in paragraph (1))  
15           requiring a spouse to make payments for the sup-  
16           port or maintenance of the other spouse.

17          (c) EFFECTIVE DATES, ENFORCEMENT, AND INTER-  
18          PRETATIONS.—

19           (1) EFFECTIVE DATES.—

20           (A) Paragraph (1) of subsection (a) shall  
21           be effective with respect to contracts purchased  
22           or received in an exchange on or after the date  
23           of the enactment of this Act.

24           (B) Paragraphs (2) and (3) of subsection  
25           (a) shall be effective with respect to contracts

1 purchased or received in an exchange on or  
2 after July 2, 2014.

3 (2) ENFORCEMENT AND INTERPRETATIONS.—

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

6 (A) the Secretary (or delegate) shall ad-  
7 minister and enforce the law in accordance with  
8 subsection (a) and the effective dates in para-  
9 graph (1) of this subsection; and

10 (B) taxpayers may rely upon their reason-  
11 able good faith interpretations of subsection (a).

12 (d) REGULATORY SUCCESSOR PROVISION.—Any ref-  
13 erence to a regulation under this section shall be treated  
14 as including a reference to any successor regulation there-  
15 to.

16 **SEC. 203. INSURANCE-DEDICATED EXCHANGE-TRADED**  
17 **FUNDS.**

18 (a) IN GENERAL.—Not later than the date which is  
19 7 years after the date of the enactment of this Act, the  
20 Secretary of the Treasury (or the Secretary's delegate)  
21 shall amend the regulation issued by the Department of  
22 the Treasury relating to “Income Tax; Diversification Re-  
23 quirements for Variable Annuity, Endowment, and Life  
24 Insurance Contracts”, 54 Fed. Reg. 8728 (March 2,  
25 1989), and make any necessary corresponding amend-

1 ments to other regulations, in order to facilitate the use  
2 of exchange-traded funds as investment options under  
3 variable contracts within the meaning of section 817(d)  
4 of the Internal Revenue Code of 1986, in accordance with  
5 subsections (b) and (c) of this section.

6 (b) DESIGNATE CERTAIN AUTHORIZED PARTICI-  
7 PANTS AND MARKET MAKERS AS ELIGIBLE INVESTORS.—  
8 The Secretary of the Treasury (or the Secretary’s dele-  
9 gate) shall amend Treasury Regulation section 1.817–  
10 5(f)(3) to provide that satisfaction of the requirements in  
11 Treasury Regulation section 1.817–5(f)(2)(i) with respect  
12 to an exchange-traded fund shall not be prevented by rea-  
13 son of beneficial interests in such a fund being held by  
14 1 or more authorized participants or market makers.

15 (c) DEFINE RELEVANT TERMS.—In amending  
16 Treasury Regulation section 1.817–5(f)(3) in accordance  
17 with subsections (b) of this section, the Secretary of the  
18 Treasury (or the Secretary’s delegate) shall provide defini-  
19 tions consistent with the following:

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

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

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

4 (C) the shares of which are traded  
5 throughout the day on a national stock ex-  
6 change at market prices that may or may not  
7 be the same as the net asset value of the  
8 shares.

9 (2) AUTHORIZED PARTICIPANT.—The term  
10 “authorized participant” means a financial institu-  
11 tion that is a member or participant of a clearing  
12 agency registered under section 17A(b) of the Secu-  
13 rities Exchange Act of 1934 that enters into a con-  
14 tractual relationship with an exchange-traded fund  
15 pursuant to which the financial institution is per-  
16 mitted to purchase and redeem shares directly from  
17 the fund and to sell such shares to third parties, but  
18 only if the contractual arrangement or applicable law  
19 precludes the financial institution from—

20 (A) purchasing the shares for its own in-  
21 vestment purposes rather than for the exclusive  
22 purpose of creating and redeeming such shares  
23 on behalf of third parties; and

24 (B) selling the shares to third parties who  
25 are not market makers or otherwise described

1 in paragraphs (2) and (3) of Treasury Regula-  
2 tion section 1.817-5(f).

3 (3) MARKET MAKER.—The term “market  
4 maker” means a financial institution that is a reg-  
5 istered broker or dealer under section 15(b) of the  
6 Securities Exchange Act of 1934 that maintains li-  
7 quidity for an exchange-traded fund on a national  
8 stock exchange by being always ready to buy and sell  
9 shares of such fund on the market, but only if the  
10 financial institution is contractually or legally pre-  
11 cluded from selling or buying such shares to or from  
12 persons who are not authorized participants or oth-  
13 erwise described in paragraphs (2) and (3) of Treas-  
14 ury Regulations section 1.817-5(f).

15 (d) EFFECTIVE DATE.—Subsections (b) and (c) shall  
16 apply to segregated asset account investments made on  
17 or after the date that is 7 years after the date of the enact-  
18 ment of this Act.

19 **TITLE III—SIMPLIFICATION AND**  
20 **CLARIFICATION OF RETIRE-**  
21 **MENT PLAN RULES**

22 **SEC. 301. RECOVERY OF RETIREMENT PLAN OVERPAY-**  
23 **MENTS.**

24 (a) OVERPAYMENTS UNDER ERISA.—Section 206 of  
25 the Employee Retirement Income Security Act of 1974

1 (29 U.S.C. 1056) is amended by adding at the end the  
2 following new subsection:

3 “(h) SPECIAL RULES APPLICABLE TO BENEFIT  
4 OVERPAYMENTS.—

5 “(1) GENERAL RULE.—In the case of an inad-  
6 vertent benefit overpayment by any pension plan, the  
7 responsible plan fiduciary shall not be considered to  
8 have failed to comply with the requirements of this  
9 title merely because such fiduciary determines, in  
10 the exercise of its fiduciary discretion, not to seek  
11 recovery of all or part of such overpayment from—

12 “(A) any participant or beneficiary,

13 “(B) any plan sponsor of, or contributing  
14 employer to—

15 “(i) an individual account plan, pro-  
16 vided that the amount needed to prevent or  
17 restore any impermissible forfeiture from  
18 any participant’s or beneficiary’s account  
19 arising in connection with the overpayment  
20 is, separately from and independently of  
21 the overpayment, allocated to such account  
22 pursuant to the nonforfeitability require-  
23 ments of section 203 (for example, out of  
24 the plan’s forfeiture account, additional

1 employer contributions, or recoveries from  
2 those responsible for the overpayment), or  
3 “(ii) a defined benefit pension plan  
4 subject to the funding rules in part 3 of  
5 this subtitle B, unless the responsible plan  
6 fiduciary determines, in the exercise of its  
7 fiduciary discretion, that failure to recover  
8 all or part of the overpayment faster than  
9 required under such funding rules would  
10 materially affect the plan’s ability to pay  
11 benefits due to other participants and  
12 beneficiaries, or

13 “(C) any fiduciary of the plan, other than  
14 a fiduciary (including a plan sponsor or contrib-  
15 uting employer acting in a fiduciary capacity)  
16 whose breach of its fiduciary duties resulted in  
17 such overpayment, provided that if the plan has  
18 established prudent procedures to prevent and  
19 minimize overpayment of benefits and the rel-  
20 evant plan fiduciaries have followed such proce-  
21 dures, an inadvertent benefit overpayment will  
22 not give rise to a breach of fiduciary duty.

23 “(2) REDUCTION IN FUTURE BENEFIT PAY-  
24 MENTS AND RECOVERY FROM RESPONSIBLE  
25 PARTY.—Paragraph (1) shall not fail to apply with

1 respect to any inadvertent benefit overpayment  
2 merely because, after discovering such overpayment,  
3 the responsible plan fiduciary—

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

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

9 “(3) EMPLOYER FUNDING OBLIGATIONS.—

10 Nothing in this subsection shall relieve an employer  
11 of any obligation imposed on it to make contribu-  
12 tions to a plan to meet the minimum funding stand-  
13 ards under part 3 of this subtitle B or to prevent  
14 or restore an impermissible forfeiture in accordance  
15 with section 203.

16 “(4) RECOUPMENT FROM PARTICIPANTS AND  
17 BENEFICIARIES.—If the responsible plan fiduciary,  
18 in the exercise of its fiduciary discretion, decides to  
19 seek recoupment from a participant or beneficiary of  
20 all or part of an inadvertent benefit overpayment  
21 made by the plan to such participant or beneficiary,  
22 it may do so, subject to the following conditions:

23 “(A) No interest or other additional  
24 amounts (such as collection costs or fees) are  
25 sought on overpaid amounts for any period.



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

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

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

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

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

22           “(C) If the plan seeks to recoup past over-  
23           payments of a benefit other than a non-decreas-  
24           ing periodic benefit, the plan satisfies require-

1           ments developed by the Secretary for purposes  
2           of this subparagraph.

3           “(D) Efforts to recoup overpayments are—

4                   “(i) not accompanied by threats of  
5                   litigation, unless the responsible plan fidu-  
6                   ciary reasonably believes it could prevail in  
7                   a civil action brought in Federal or State  
8                   court to recoup the overpayments, and

9                   “(ii) not made through a collection  
10                  agency or similar third party, unless the  
11                  participant or beneficiary ignores or rejects  
12                  efforts to recoup the overpayment following  
13                  either a final judgment in Federal or State  
14                  court or a settlement between the partici-  
15                  pant or beneficiary and the plan, in either  
16                  case authorizing such recoupment.

17          “(E) Recoupment of past overpayments to  
18          a participant is not sought from any beneficiary  
19          of the participant, including a spouse, surviving  
20          spouse, former spouse, or other beneficiary.

21          “(F) Recoupment may not be sought if the  
22          first overpayment occurred more than 3 years  
23          before the participant or beneficiary is first no-  
24          tified in writing of the error.

1           “(G) A participant or beneficiary from  
2           whom recoupment is sought is entitled to con-  
3           test all or part of the recoupment pursuant to  
4           the plan’s claims procedures.

5           “(H) In determining the amount of  
6           recoupment to seek, the responsible plan fidu-  
7           ciary may take into account the hardship that  
8           recoupment likely would impose on the partici-  
9           pant or beneficiary.

10          “(5) EFFECT OF CULPABILITY.—Subpara-  
11          graphs (A) through (F) of paragraph (4) shall not  
12          apply to protect a participant or beneficiary who is  
13          culpable. For purposes of this paragraph, a partici-  
14          pant or beneficiary is culpable if the individual bears  
15          responsibility for the overpayment (such as through  
16          misrepresentations or omissions that led to the over-  
17          payment), or if the individual knew, or had good  
18          reason to know under the circumstances, that the  
19          benefit payment or payments were materially in ex-  
20          cess of the correct amount. Notwithstanding the pre-  
21          ceding sentence, an individual is not culpable merely  
22          because the individual believed the benefit payment  
23          or payments were or might be in excess of the cor-  
24          rect amount, if the individual raised that question  
25          with an authorized plan representative and was told

1 the payment or payments were not in excess of the  
2 correct amount. With respect to a culpable partici-  
3 pant or beneficiary, efforts to recoup overpayments  
4 shall not be made through threats of litigation, un-  
5 less a lawyer for the plan could make the representa-  
6 tions required under Rule 11 of the Federal Rules  
7 of Civil Procedure if the litigation were brought in  
8 Federal court.”.

9 (b) OVERPAYMENTS UNDER INTERNAL REVENUE  
10 CODE OF 1986.—

11 (1) QUALIFICATION REQUIREMENTS.—Section  
12 414 of the Internal Revenue Code of 1986, as  
13 amended by this preceding provisions of this Act, is  
14 amended by adding at the end the following new  
15 subsection:

16 “(bb) SPECIAL RULES APPLICABLE TO BENEFIT  
17 OVERPAYMENTS.—

18 “(1) IN GENERAL.—A plan shall not fail to be  
19 treated as described in clause (i), (ii), (iii), or (iv)  
20 of section 219(g)(5)(A) (and shall not fail to be  
21 treated as satisfying the requirements of section  
22 401(a) or 403) merely because—

23 “(A) the plan fails to obtain payment from  
24 any participant, beneficiary, employer, plan  
25 sponsor, fiduciary, or other party on account of

1 any inadvertent benefit overpayment made by  
2 the plan, or

3 “(B) the plan sponsor amends the plan to  
4 increase past or future benefit payments to af-  
5 fected participants and beneficiaries in order to  
6 adjust for prior inadvertent benefit overpay-  
7 ments.

8 “(2) REDUCTION IN FUTURE BENEFIT PAY-  
9 MENTS AND RECOVERY FROM RESPONSIBLE  
10 PARTY.—Paragraph (1) shall not fail to apply to a  
11 plan merely because, after discovering a benefit over-  
12 payment, such plan—

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

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

18 “(3) EMPLOYER FUNDING OBLIGATIONS.—  
19 Nothing in this subsection shall relieve an employer  
20 of any obligation imposed on it to make contribu-  
21 tions to a plan to meet the minimum funding stand-  
22 ards under sections 412 and 430 or to prevent or re-  
23 store an impermissible forfeiture in accordance with  
24 section 411.

1           “(4) OBSERVANCE OF BENEFIT LIMITATIONS.—  
2           Notwithstanding paragraph (1), a plan to which  
3           paragraph (1) applies shall observe any limitations  
4           imposed on it by section 401(a)(17) or 415. The  
5           plan may enforce such limitations using any method  
6           approved by the Secretary of the Treasury for re-  
7           couping benefits previously paid or allocations pre-  
8           viously made in excess of such limitations.

9           “(5) COORDINATION WITH OTHER QUALIFICA-  
10          TION REQUIREMENTS.—The Secretary of the Treas-  
11          ury may issue regulations or other guidance of gen-  
12          eral applicability specifying how benefit overpay-  
13          ments and their recoupment or non-recoupment  
14          from a participant or beneficiary shall be taken into  
15          account for purposes of satisfying any requirement  
16          applicable to a plan to which paragraph (1) ap-  
17          plies.”.

18          (2) ROLLOVERS.—Section 402(c) of such Code  
19          is amended by adding at the end the following new  
20          paragraph:

21               “(12) In the case of an inadvertent benefit  
22               overpayment from a plan to which section  
23               414(bb)(1) applies that is transferred to an eligible  
24               retirement plan by or on behalf of a participant or  
25               beneficiary—

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

8           “(B) the portion of such overpayment with  
9           respect to which recoupment is sought on behalf  
10          of the plan shall be permitted to be returned to  
11          such plan and in such case shall be treated as  
12          an eligible rollover distribution transferred to  
13          such plan by the participant or beneficiary who  
14          received such overpayment (and the plans mak-  
15          ing and receiving such transfer shall be treated  
16          as permitting such transfer).

17          In any case in which recoupment is sought on behalf  
18          of the plan but is disputed by the participant or ben-  
19          eficiary who received such overpayment, such dispute  
20          shall be subject to the claims procedures of the plan  
21          that made such overpayment, such plan shall notify  
22          the plan receiving the rollover of such dispute, and  
23          the plan receiving the rollover shall retain such over-  
24          payment on behalf of the participant or beneficiary  
25          (and shall be entitled to treat such overpayment as

1 plan assets) pending the outcome of such proce-  
2 dures.”.

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply as of the date of the enactment  
5 of this Act.

6 (d) CERTAIN ACTIONS BEFORE DATE OF ENACT-  
7 MENT.—Plans, fiduciaries, employers, and plan sponsors  
8 are entitled to rely on—

9 (1) a good faith interpretation of then existing  
10 administrative guidance for inadvertent benefit over-  
11 payment recoupments and recoveries that com-  
12 menced before the date of enactment of this Act,  
13 and

14 (2) determinations made before the date of en-  
15 actment of this Act by the responsible plan fidu-  
16 ciary, in the exercise of its fiduciary discretion, not  
17 to seek recoupment or recovery of all or part of an  
18 inadvertent benefit overpayment.

19 In the case of a benefit overpayment that occurred prior  
20 to the date of enactment of this Act, any installment pay-  
21 ments by the participant or beneficiary to the plan or any  
22 reduction in periodic benefit payments to the participant  
23 or beneficiary, which were made in recoupment of such  
24 overpayment and which commenced prior to such date,  
25 may continue after such date. Nothing in this subsection



1 shall relieve a fiduciary from responsibility for an overpay-  
2 ment that resulted from a breach of its fiduciary duties.

3 **SEC. 302. REDUCTION IN EXCISE TAX ON CERTAIN ACCU-**  
4 **MULATIONS IN QUALIFIED RETIREMENT**  
5 **PLANS.**

6 (a) IN GENERAL.—Section 4974(a) of the Internal  
7 Revenue Code of 1986 is amended by striking “50 per-  
8 cent” and inserting “25 percent”.

9 (b) REDUCTION IN EXCISE TAX ON FAILURES TO  
10 TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section  
11 4974 of such Code is amended by adding at the end the  
12 following new subsection:

13 “(e) REDUCTION OF TAX IN CERTAIN CASES.—

14 “(1) REDUCTION.—In the case of a taxpayer  
15 who—

16 “(A) corrects, during the correction win-  
17 dow, a shortfall of distributions from an indi-  
18 vidual retirement plan which resulted in imposi-  
19 tion of a tax under subsection (a), and

20 “(B) submits a return, during the correc-  
21 tion window, reflecting such tax (as modified by  
22 this subsection),

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

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

7                   “(A) the date on which the Secretary initi-  
8 ates an audit, or otherwise demands payment,  
9 with respect to the shortfall of distributions, or

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

14           (c) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply to taxable years beginning after  
16 December 31, 2022.

17 **SEC. 303. PERFORMANCE BENCHMARKS FOR ASSET ALLO-**  
18 **CATION FUNDS.**

19           (a) IN GENERAL.—Not later than 1 year after the  
20 date of enactment of this Act, the Secretary of Labor shall  
21 provide that, in the case of a designated investment alter-  
22 native that contains a mix of asset classes, the adminis-  
23 trator of a plan may, but is not required to, use a bench-  
24 mark that is a blend of different broad-based securities  
25 market indices if—

1           (1) the blend is reasonably representative of the  
2           asset class holdings of the designated investment al-  
3           ternative;

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

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

13          (4) each securities market index that is used for  
14          an associated asset class would separately satisfy the  
15          requirements of such regulation for such asset class.

16          (b) STUDY.—Not later than 3 years after the date  
17          of enactment of this Act, the Secretary of Labor shall de-  
18          liver a report to the Committees on Finance and Health,  
19          Education, Labor, and Pensions of the Senate and the  
20          Committees on Ways and Means and Education and  
21          Labor of the House of Representatives regarding the utili-  
22          zation, effectiveness, and participants' understanding of  
23          the benchmarking requirements under this section.

1 **SEC. 304. REVIEW AND REPORT TO CONGRESS RELATING**  
2 **TO REPORTING AND DISCLOSURE REQUIRE-**  
3 **MENTS.**

4 (a) STUDY.—As soon as practicable after the date of  
5 enactment of this Act, the Secretary of Labor, the Sec-  
6 retary of the Treasury, and the Director of the Pension  
7 Benefit Guaranty Corporation shall review the reporting  
8 and disclosure requirements as applicable to each such  
9 agency head, of—

10 (1) the Employee Retirement Income Security  
11 Act of 1974 applicable to pension plans (as defined  
12 in section 3(2) of such Act (29 U.S.C. 1002(2)); and

13 (2) the Internal Revenue Code of 1986 applica-  
14 ble to qualified retirement plans (as defined in sec-  
15 tion 4974(c) of such Code, without regard to para-  
16 graphs (4) and (5) of such section).

17 (b) REPORT.—

18 (1) IN GENERAL.—Not later than 2 years after  
19 the date of enactment of this Act, the Secretary of  
20 Labor, the Secretary of the Treasury, and the Direc-  
21 tor of the Pension Benefit Guaranty Corporation,  
22 jointly, and after consultation with a balanced group  
23 of participant and employer representatives, shall  
24 with respect to plans referenced in subsection (a) re-  
25 port on the effectiveness of the applicable reporting  
26 and disclosure requirements and make such rec-

1       ommendations as may be appropriate to the Com-  
2       mittee on Education and Labor and the Committee  
3       on Ways and Means of the House of Representatives  
4       and the Committee on Health, Education, Labor,  
5       and Pensions and the Committee on Finance of the  
6       Senate to consolidate, simplify, standardize, and im-  
7       prove such requirements so as to simplify reporting  
8       for such plans and ensure that plans can furnish  
9       and participants and beneficiaries timely receive and  
10      better understand the information they need to mon-  
11      itor their plans, plan for retirement, and obtain the  
12      benefits they have earned.

13           (2) ANALYSIS OF EFFECTIVENESS.—To assess  
14      the effectiveness of the applicable reporting and dis-  
15      closure requirements, the report shall include an  
16      analysis, based on plan data, of how participants  
17      and beneficiaries are providing preferred contact in-  
18      formation, the methods by which plan sponsors and  
19      plans are furnishing disclosures, and the rate at  
20      which participants and beneficiaries (grouped by key  
21      demographics) are receiving, accessing, under-  
22      standing, and retaining disclosures.

23           (3) COLLECTION OF INFORMATION.—The agen-  
24      cies shall conduct appropriate surveys and data col-  
25      lection to obtain any needed information.

1 **SEC. 305. ELIMINATING UNNECESSARY PLAN REQUIRE-**  
2 **MENTS RELATED TO UNENROLLED PARTICI-**  
3 **PANTS.**

4 (a) AMENDMENT OF EMPLOYEE RETIREMENT IN-  
5 COME SECURITY ACT OF 1974.—

6 (1) IN GENERAL.—Part 1 of subtitle B of sub-  
7 chapter I of the Employee Retirement Income Secu-  
8 rity Act of 1974 is amended by redesignating section  
9 111 as section 112 and by inserting after section  
10 110 the following new section:

11 **“SEC. 111. ELIMINATING UNNECESSARY PLAN REQUIRE-**  
12 **MENTS RELATED TO UNENROLLED PARTICI-**  
13 **PANTS.**

14 “(a) IN GENERAL.—Notwithstanding any other pro-  
15 vision of this title, with respect to any individual account  
16 plan, no disclosure, notice, or other plan document (other  
17 than the notices and documents described in paragraphs  
18 (1) and (2)) shall be required to be furnished under this  
19 title to any unenrolled participant if the unenrolled partici-  
20 pant receives—

21 “(1) an annual reminder notice of such partici-  
22 pant’s eligibility to participate in such plan and any  
23 applicable election deadlines under the plan; and

24 “(2) any document requested by such partici-  
25 pant that the participant would be entitled to receive  
26 notwithstanding this section.

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

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

6           “(2) has received—

7               “(A) the summary plan description pursu-  
8 ant to section 104(b), and

9               “(B) any other notices related to eligibility  
10 under the plan required to be furnished under  
11 this title, or the Internal Revenue Code of  
12 1986, in connection with such participant’s ini-  
13 tial eligibility to participate in such plan;

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

15           “(4) does not have an account balance in the  
16 plan; and

17           “(5) satisfies such other criteria as the Sec-  
18 retary of Labor may determine appropriate, as pre-  
19 scribed in guidance issued in consultation with the  
20 Secretary of Treasury.

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

1       “(c) ANNUAL REMINDER NOTICE.—For purposes of  
2 this section, the term ‘annual reminder notice’ means a  
3 notice provided in accordance with section 2520.104b-1  
4 of title 29, Code of Federal Regulations (or any successor  
5 regulation), which—

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

11              “(2) notifies the unenrolled participant of—

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

14                      “(B) the key benefits and rights under the  
15 plan, with a focus on employer contributions  
16 and vesting provisions; and

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

20              (2) CLERICAL AMENDMENT.—The table of con-  
21 tents in section 1 of the Employee Retirement In-  
22 come Security Act of 1974 is amended by striking  
23 the item relating to section 111 and by inserting  
24 after the item relating to section 110 the following  
25 new items:



“Sec. 111. Eliminating unnecessary plan requirements related to unenrolled participants.

“Sec. 112. Repeal and effective date.”.

1           (b) AMENDMENT OF INTERNAL REVENUE CODE OF  
2 1986.—Section 414 of the Internal Revenue Code of  
3 1986, as amended by the preceding provisions of this Act,  
4 is amended by adding at the end the following new sub-  
5 section:

6           “(cc) ELIMINATING UNNECESSARY PLAN REQUIRE-  
7 MENTS RELATED TO UNENROLLED PARTICIPANTS.—

8           “(1) IN GENERAL.—Notwithstanding any other  
9 provision of this title, with respect to any defined  
10 contribution plan, no disclosure, notice, or other plan  
11 document (other than the notices and documents de-  
12 scribed in subparagraphs (A) and (B)) shall be re-  
13 quired to be furnished under this title to any  
14 unenrolled participant if the unenrolled participant  
15 receives—

16           “(A) an annual reminder notice of such  
17 participant’s eligibility to participate in such  
18 plan and any applicable election deadlines under  
19 the plan, and

20           “(B) any document requested by such par-  
21 ticipant that the participant would be entitled  
22 to receive notwithstanding this subsection.

1           “(2) UNENROLLED PARTICIPANT.—For pur-  
2           poses of this subsection, the term ‘unenrolled partici-  
3           pant’ means an employee who—

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

6                   “(B) has received—

7                           “(i) the summary plan description  
8                           pursuant to section 104(b) of the Em-  
9                           ployee Retirement Income Security Act of  
10                           1974, and

11                           “(ii) any other notices related to eligi-  
12                           bility under the plan and required to be  
13                           furnished under this title, or the Employee  
14                           Retirement Income Security Act of 1974,  
15                           in connection with such participant’s initial  
16                           eligibility to participate in such plan,

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

18                   “(D) does not have an account balance in  
19           the plan, and

20                   “(E) satisfies such other criteria as the  
21           Secretary of the Treasury may determine ap-  
22           propriate, as prescribed in guidance issued in  
23           consultation with the Secretary of Labor.

24           For purposes of this subsection, any eligibility to  
25           participate in the plan following any period for

1 which such employee was not eligible to participate  
2 shall be treated as initial eligibility.

3 “(3) ANNUAL REMINDER NOTICE.—For pur-  
4 poses of this subsection, the term ‘annual reminder  
5 notice’ means the notice described in section 111(c)  
6 of the Employee Retirement Income Security Act of  
7 1974.”.

8 (c) EFFECTIVE DATE.—The amendments made by  
9 this section shall apply to plan years beginning after De-  
10 cember 31, 2022.

11 **SEC. 306. RETIREMENT SAVINGS LOST AND FOUND.**

12 (a) IN GENERAL.—

13 (1) ESTABLISHMENT OF RETIREMENT SAVINGS  
14 LOST AND FOUND.—Part 5 of title I of the Em-  
15 ployee Retirement Income Security Act of 1974 (29  
16 U.S.C. 1341 et seq.) is amended by adding at the  
17 end the following:

18 **“SEC. 523. RETIREMENT SAVINGS LOST AND FOUND.**

19 “(a) ESTABLISHMENT.—

20 “(1) IN GENERAL.—Not later than 2 years  
21 after the date of the enactment of this section, the  
22 Secretary of Labor, in consultation with the Sec-  
23 retary of the Treasury, shall establish an online  
24 searchable database (to be managed by the Depart-  
25 ment of Labor in accordance with this section) to be

1 known as the ‘Retirement Savings Lost and Found’.

2 The Retirement Savings Lost and Found shall—

3 “(A) allow an individual to search for in-  
4 formation that enables the individual to locate  
5 the administrator of any plan described in para-  
6 graph (2) with respect to which the individual  
7 is or was a participant or beneficiary, and pro-  
8 vide contact information for the administrator  
9 of any such plan;

10 “(B) allow the Department of Labor to as-  
11 sist such an individual in locating any such plan  
12 of the individual; and

13 “(C) allow the Department of Labor to  
14 make any necessary changes to contact infor-  
15 mation on record for the administrator based  
16 on any changes to the plan due to merger or  
17 consolidation of the plan with any other plan,  
18 division of the plan into two or more plans,  
19 bankruptcy, termination, change in name of the  
20 plan, change in name or address of the admin-  
21 istrator, or other causes.

22 The Retirement Savings Lost and Found established  
23 under this paragraph shall include information re-  
24 ported under this section and other relevant infor-  
25 mation obtained by the Department of Labor.

1           “(2) PLANS DESCRIBED.—A plan described in  
2           this paragraph is a plan to which the vesting stand-  
3           ards of section 203 apply.

4           “(b) ADMINISTRATION.—The Retirement Savings  
5 Lost and Found established under subsection (a) shall  
6 provide individuals described in subsection (a)(1) only  
7 with the ability to search for information that enables the  
8 individual to locate the administrator and contact informa-  
9 tion for the administrator of any plan with respect to  
10 which the individual is or was a participant or beneficiary,  
11 sufficient to allow the individual to locate the individual’s  
12 plan in order to recover any benefit owing to the individual  
13 under the plan.

14           “(c) SAFEGUARDING PARTICIPANT PRIVACY AND SE-  
15 CURITY.—In establishing the Retirement Savings Lost  
16 and Found under subsection (a), the Department of Labor  
17 shall take all necessary and proper precautions to ensure  
18 that individuals’ plan information maintained by the Re-  
19 tirement Savings Lost and Found is protected.

20           “(d) DEFINITION OF ADMINISTRATOR.—For pur-  
21 poses of this section, the term ‘administrator’ has the  
22 meaning given such term in section 3(16)(A).

23           “(e) INFORMATION COLLECTION FROM PLANS.—Ef-  
24 fective with respect to plan years beginning after the sec-  
25 ond December 31 occurring after the date of the enact-

1 ment of this subsection, the administrator of a plan to  
2 which the vesting standards of section 203 apply shall sub-  
3 mit to the Department of Labor, at such time and in such  
4 form and manner as is prescribed in regulations—

5           “(1) the information described in paragraphs  
6           (1) through (4) of section 6057(b) of the Internal  
7           Revenue Code of 1986;

8           “(2) the information described in subpara-  
9           graphs (A) and (B) of section 6057(a)(2) of such  
10          Code;

11          “(3) the name and taxpayer identifying number  
12          of each participant or former participant in the  
13          plan—

14                 “(A) who, during the current plan year or  
15                 any previous plan year, was reported under sec-  
16                 tion 6057(a)(2)(C) of such Code, and with re-  
17                 spect to whom the benefits described in clause  
18                 (ii) thereof were fully paid during the plan year;

19                 “(B) with respect to whom any amount  
20                 was distributed under section 401(a)(31)(B) of  
21                 such Code during the plan year; or

22                 “(C) with respect to whom a deferred an-  
23                 nuity contract was distributed during the plan  
24                 year;

1           “(4) in the case of a participant or former par-  
2           ticipant to whom paragraph (3) applies—

3                   “(A) in the case of a participant described  
4                   in subparagraph (B) thereof, the name and ad-  
5                   dress of the designated trustee or issuer de-  
6                   scribed in section 401(a)(31)(B)(i) of such  
7                   Code and the account number of the individual  
8                   retirement plan to which the amount was dis-  
9                   tributed; and

10                   “(B) in the case of a participant described  
11                   in subparagraph (C) thereof, the name and ad-  
12                   dress of the issuer of such annuity contract and  
13                   the contract or certificate number; and

14                   “(5) such other information as the Secretary of  
15           Labor may require.

16           “(f) INFORMATION COLLECTION FROM FEDERAL  
17   AGENCIES.—On request, the Secretary of Labor may ac-  
18   cess and receive such information collected by other Fed-  
19   eral agencies as may be necessary and appropriate to per-  
20   form work related to the Retirement Savings Lost and  
21   Found.

22           “(g) PROGRAM INTEGRITY AUDIT.—On an annual  
23   basis for each of the first 5 years beginning one year after  
24   the establishment of the database in subsection (a)(1) and  
25   every 5 years thereafter, the Inspector General of the De-

1 partment of Labor shall conduct an audit of the adminis-  
2 tration of the Retirement Savings Lost and Found.”.

3 (3) CONFORMING AMENDMENT.—The table of  
4 contents for the Employee Retirement Income Secu-  
5 rity Act of 1974 (29 U.S.C. 1001 et seq.) is amend-  
6 ed by inserting after the item relating to section 522  
7 the following:

“Sec. 523.Retirement Savings Lost and Found.”.

8 **SEC. 307. UPDATING DOLLAR LIMIT FOR MANDATORY DIS-**  
9 **TRIBUTIONS.**

10 (a) IN GENERAL.—Section 203(e)(1) of the Em-  
11 ployee Retirement Income Security Act of 1974 and sec-  
12 tions 401(a)(31)(B)(ii) and 411(a)(11)(A) of the Internal  
13 Revenue Code of 1986 are each amended by striking  
14 “\$5,000” and inserting “\$7,000”.

15 (b) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to distributions made after Decem-  
17 ber 31, 2022.

18 **SEC. 308. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**  
19 **RESOLUTION SYSTEM.**

20 (a) IN GENERAL.—Except as otherwise provided in  
21 the Internal Revenue Code of 1986 or regulations pre-  
22 scribed by the Secretary of the Treasury or the Secretary’s  
23 delegate (referred to in this section as the “Secretary”),  
24 any eligible inadvertent failure to comply with the rules  
25 applicable under section 401(a), 403(a), 403(b), 408(p),



1 or 408(k) of such Code may be self-corrected under the  
2 Employee Plans Compliance Resolution System (as de-  
3 scribed in Revenue Procedure 2021–30, or any successor  
4 guidance, and hereafter in this section referred to as the  
5 “EPCRS”), except to the extent that such failure was  
6 identified by the Secretary prior to any actions which dem-  
7 onstrate a commitment to implement a self-correction.  
8 Revenue Procedure 2021–30 is deemed amended as of the  
9 date of the enactment of this Act to provide that the cor-  
10 rection period under section 9.02 of such Revenue Proce-  
11 dure (or any successor guidance) for an eligible inad-  
12 vertent failure, except as otherwise provided under such  
13 Code or in regulations prescribed by the Secretary, is in-  
14 definite and has no last day, other than with respect to  
15 failures identified by the Secretary prior to any self-correc-  
16 tion as described in the preceding sentence.

17 (b) LOAN ERRORS.—In the case of an eligible inad-  
18 vertent failure relating to a loan from a plan to a partici-  
19 pant—

20 (1) such failure may be self-corrected under  
21 subsection (a) according to the rules of section 6.07  
22 of Revenue Procedure 2021–30 (or any successor  
23 guidance), including the provisions related to wheth-  
24 er a deemed distribution must be reported on Form  
25 1099–R, and

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

10          (c) EPCRS FOR IRAS.—The Secretary shall expand  
11 the EPCRS to allow custodians of individual retirement  
12 plans (as defined in section 7701(a)(37) of the Internal  
13 Revenue Code of 1986) to address eligible inadvertent fail-  
14 ures with respect to an individual retirement plan (as so  
15 defined), including (but not limited to)—

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

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

23           (3) rules permitting a nonspouse beneficiary to  
24 return distributions to an inherited individual retire-  
25 ment plan described in section 408(d)(3)(C) of the

1 Internal Revenue Code of 1986 in a case where, due  
2 to an inadvertent error by a service provider, the  
3 beneficiary had reason to believe that the distribu-  
4 tion could be rolled over without inclusion in income  
5 of any part of the distributed amount.

6 (d) ADDITIONAL SAFE HARBORS.—The Secretary  
7 shall expand the EPCRS to provide additional safe harbor  
8 means of correcting eligible inadvertent failures described  
9 in subsection (a), including safe harbor means of calcu-  
10 lating the earnings which must be restored to a plan in  
11 cases where plan assets have been depleted by reason of  
12 an eligible inadvertent failure.

13 (e) ELIGIBLE INADVERTENT FAILURE.—For pur-  
14 poses of this section—

15 (1) IN GENERAL.—Except as provided in para-  
16 graph (2), the term “eligible inadvertent failure”  
17 means a failure that occurs despite the existence of  
18 practices and procedures which—

19 (A) satisfy the standards set forth in sec-  
20 tion 4.04 of Revenue Procedure 2021–30 (or  
21 any successor guidance), or

22 (B) satisfy similar standards in the case of  
23 an individual retirement plan.

24 (2) EXCEPTION.—The term “eligible inad-  
25 vertent failure” shall not include any failure which

1 is egregious, relates to the diversion or misuse of  
2 plan assets, or is directly or indirectly related to an  
3 abusive tax avoidance transaction.

4 (f) APPLICATION OF CERTAIN REQUIREMENTS FOR  
5 CORRECTING ERRORS.—This section shall not apply to  
6 any failure unless the correction of such failure under this  
7 section is made in conformity with the general principles  
8 that apply to corrections of such failures under the Inter-  
9 nal Revenue Code of 1986, including regulations or other  
10 guidance issued thereunder and including those principles  
11 and corrections set forth in Revenue Procedure 2021–30  
12 (or any successor guidance).”

13 **SEC. 309. ELIMINATE THE “FIRST DAY OF THE MONTH” RE-**  
14 **QUIREMENT FOR GOVERNMENTAL SECTION**  
15 **457(b) PLANS.**

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

18 “(4) which provides that compensation—

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

24 “(B) in any other case, will be deferred for  
25 any calendar month only if an agreement pro-

1           viding for such deferral has been entered into  
2           before the beginning of such month.”.

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

6 **SEC. 310. ONE-TIME ELECTION FOR QUALIFIED CHARITABLE**  
7 **TABLE DISTRIBUTION TO SPLIT-INTEREST**  
8 **ENTITY; INCREASE IN QUALIFIED CHARITABLE**  
9 **TABLE DISTRIBUTION LIMITATION.**

10           (a) **ONE-TIME ELECTION FOR QUALIFIED CHARITABLE**  
11 **TABLE DISTRIBUTION TO SPLIT-INTEREST ENTITY.**—Sec-  
12 tion 408(d)(8) of the Internal Revenue Code of 1986 is  
13 amended by adding at the end the following new subpara-  
14 graph:

15                   “(F) **ONE-TIME ELECTION FOR QUALIFIED**  
16 **CHARITABLE DISTRIBUTION TO SPLIT-INTEREST**  
17 **ENTITY.**—

18                           “(i) **IN GENERAL.**—A taxpayer may  
19                           for a taxable year elect under this subpara-  
20                           graph to treat as meeting the requirement  
21                           of subparagraph (B)(i) any distribution  
22                           from an individual retirement account  
23                           which is made directly by the trustee to a  
24                           split-interest entity, but only if—

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

4           “(II) the aggregate amount of  
5           distributions of the taxpayer with re-  
6           spect to which an election under this  
7           subparagraph is made does not exceed  
8           \$50,000, and

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

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

14                 “(I) a charitable remainder annu-  
15                 ity trust (as defined in section  
16                 664(d)(1)), but only if such trust is  
17                 funded exclusively by qualified chari-  
18                 table distributions,

19                 “(II) a charitable remainder  
20                 unitrust (as defined in section  
21                 664(d)(2)), but only if such unitrust  
22                 is funded exclusively by qualified char-  
23                 itable distributions, or

24                 “(III) a charitable gift annuity  
25                 (as defined in section 501(m)(5)), but

1           only if such annuity is funded exclu-  
2           sively by qualified charitable distribu-  
3           tions and commences fixed payments  
4           of 5 percent or greater not later than  
5           1 year from the date of funding.

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

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

20                   “(II) in the case of a charitable  
21                   gift annuity, a deduction in an  
22                   amount equal to the amount of the  
23                   distribution reduced by the value of  
24                   the annuity described in section  
25                   501(m)(5)(B) would be allowable

1 under section 170 (determined with-  
2 out regard to subsection (b) thereof  
3 and this paragraph).

4 “(iv) LIMITATION ON INCOME INTER-  
5 ESTS.—A distribution meets the require-  
6 ments of this clause only if—

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

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

15 “(v) SPECIAL RULES.—

16 “(I) CHARITABLE REMAINDER  
17 TRUSTS.—Notwithstanding section  
18 664(b), distributions made from a  
19 trust described in subclause (I) or (II)  
20 of clause (ii) shall be treated as ordi-  
21 nary income in the hands of the bene-  
22 ficiary to whom the annuity described  
23 in section 664(d)(1)(A) or the pay-  
24 ment described in section  
25 664(d)(2)(A) is paid.



1                   “(II) CHARITABLE GIFT ANNU-  
2                   ITIES.—Qualified charitable distribu-  
3                   tions made to fund a charitable gift  
4                   annuity shall not be treated as an in-  
5                   vestment in the contract for purposes  
6                   of section 72(c).”.

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

10                   “(G) INFLATION ADJUSTMENT.—

11                   “(i) IN GENERAL.—In the case of any  
12                   taxable year beginning after 2022, each of  
13                   the dollar amounts in subparagraphs (A)  
14                   and (F) shall be increased by an amount  
15                   equal to—

16                   “(I) such dollar amount, multi-  
17                   plied by

18                   “(II) the cost-of-living adjust-  
19                   ment determined under section 1(f)(3)  
20                   for the calendar year in which the tax-  
21                   able year begins, determined by sub-  
22                   stituting ‘calendar year 2021’ for ‘cal-  
23                   endar year 2016’ in subparagraph  
24                   (A)(ii) thereof.

1                   “(ii) ROUNDING.—If any dollar  
2                   amount increased under clause (i) is not a  
3                   multiple of \$1,000, such dollar amount  
4                   shall be rounded to the nearest multiple of  
5                   \$1,000.”.

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

9 **SEC. 311. DISTRIBUTIONS TO FIREFIGHTERS.**

10          (a) IN GENERAL.—Subparagraph (A) of section  
11 72(t)(10) of the Internal Revenue Code of 1986 is amend-  
12 ed by striking “414(d))” and inserting “414(d) or a dis-  
13 tribution from a plan described in clause (iii), (iv), or (vi)  
14 of section 402(c)(8)(B) to an employee who provides fire-  
15 fighting services”.

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

20          (c) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to distributions made after Decem-  
22 ber 31, 2022.

1 **SEC. 312. EXCLUSION OF CERTAIN DISABILITY-RELATED**  
2 **FIRST RESPONDER RETIREMENT PAYMENTS.**

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

6 **“SEC. 139C. CERTAIN DISABILITY-RELATED FIRST RE-**  
7 **SPONDER RETIREMENT PAYMENTS.**

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

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

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

21 “(2) in connection with such individual’s quali-  
22 fied first responder service.

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

25 “(1) IN GENERAL.—The term ‘annualized ex-  
26 cludable disability amount’ means, with respect to

1 any individual, the service-connected excludable dis-  
2 ability amounts which are properly attributable to  
3 the 12-month period immediately preceding the date  
4 on which such individual attains retirement age.

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

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

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

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

16 “(3) SPECIAL RULE FOR PARTIAL-YEAR PAY-  
17 MENTS.—In the case of an individual who only re-  
18 ceives service-connected excludable disability  
19 amounts properly attributable to a portion of the 12-  
20 month period described in paragraph (1), such para-  
21 graph shall be applied by multiplying such amounts  
22 by the ratio of 365 to the number of days in such  
23 period to which such amounts were properly attrib-  
24 utable.

1       “(d) **QUALIFIED FIRST RESPONDER SERVICE.**—For  
 2 purposes of this section, the term ‘qualified first responder  
 3 service’ means service as a law enforcement officer, fire-  
 4 fighter, paramedic, or emergency medical technician.”.

5       (b) **CLERICAL AMENDMENT.**—The table of sections  
 6 for part III of subchapter B of chapter 1 of such Code  
 7 is amended by inserting after the item relating to section  
 8 139B the following new item:

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

9       (c) **EFFECTIVE DATE.**—The amendments made by  
 10 this section shall apply to amounts received with respect  
 11 to taxable years beginning after December 31, 2027.

12 **SEC. 313. INDIVIDUAL RETIREMENT PLAN STATUTE OF LIM-**  
 13 **ITATIONS FOR EXCISE TAX ON EXCESS CON-**  
 14 **TRIBUTIONS AND CERTAIN ACCUMULATIONS.**

15       Section 6501(l) of the Internal Revenue Code of 1986  
 16 is amended by adding at the end the following new para-  
 17 graph:

18       “(4) **INDIVIDUAL RETIREMENT PLANS.**—

19               “(A) **IN GENERAL.**—For purposes of any  
 20 tax imposed by section 4973 or 4974 in connec-  
 21 tion with an individual retirement plan, the re-  
 22 turn referred to in this section shall be the in-  
 23 come tax return filed by the person on whom  
 24 the tax under such section is imposed for the

1 year in which the act (or failure to act) giving  
2 rise to the liability for such tax occurred.

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

7 “(i) the return referred to in this sec-  
8 tion shall be the income tax return that  
9 such person would have been required to  
10 file but for the fact that such person was  
11 not required to file such return, and

12 “(ii) the 3-year period referred to in  
13 subsection (a) with respect to the return  
14 shall be deemed to begin on the date by  
15 which the return would have been required  
16 to be filed (excluding any extension there-  
17 of).”.

18 **SEC. 314. REQUIREMENT TO PROVIDE PAPER STATEMENTS**

19 **IN CERTAIN CASES.**

20 (a) IN GENERAL.—Section 105(a)(2) of the Em-  
21 ployee Retirement Income Security Act of 1974 (29  
22 U.S.C. 1025(a)(2)) is amended—

23 (1) in subparagraph (A)(iv), by inserting “sub-  
24 ject to subparagraph (E),” before “may be deliv-  
25 ered”; and

1 (2) by adding at the end the following:

2 “(E) PROVISION OF PAPER STATE-  
3 MENTS.—With respect to at least 1 pension  
4 benefit statement furnished for a calendar year  
5 with respect to an individual account plan  
6 under paragraph (1)(A), and with respect to at  
7 least 1 pension benefit statement furnished  
8 every 3 calendar years with respect to a defined  
9 benefit plan under paragraph (1)(B), such  
10 statement shall be furnished on paper in writ-  
11 ten form except—

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

16 “(ii) in the case of a plan that permits  
17 a participant or beneficiary to request that  
18 the statements referred to in the matter  
19 preceding clause (i) be furnished by elec-  
20 tronic delivery, if the participant or bene-  
21 ficiary requests that such statements be  
22 delivered electronically and the statements  
23 are so delivered.”.

24 (b) IMPLEMENTATION.—

1           (1) IN GENERAL.—The Secretary of Labor  
2 shall, not later than December 31, 2022, update sec-  
3 tion 2520.104b-1(c) of title 29, Code of Federal  
4 Regulations, to provide that a plan may furnish the  
5 statements referred to in subparagraph (E) of sec-  
6 tion 105(a)(2) by electronic delivery only if, in addi-  
7 tion to meeting the other requirements under the  
8 regulations—

9           (A) such plan furnishes each participant or  
10 beneficiary, including participants described in  
11 subparagraph (B), a one-time initial notice on  
12 paper in written form, prior to the electronic  
13 delivery of any pension benefit statement, of  
14 their right to request that all documents re-  
15 quired to be disclosed under title I of the Em-  
16 ployee Retirement Income Security Act of 1974  
17 be furnished on paper in written form; and

18           (B) such plan furnishes each participant  
19 who is separated from service with at least 1  
20 pension benefit statement on paper in written  
21 form for each calendar year, unless, on election  
22 of the participant, the participant receives such  
23 statements electronically.

24           (2) OTHER GUIDANCE.—In implementing the  
25 amendment made by subsection (a) with respect to



1 a plan that discloses required documents or state-  
2 ments electronically, in accordance with applicable  
3 guidance governing electronic disclosure by the De-  
4 partment of Labor (with the exception of section  
5 2520.104b-1(c) of title 29, Code of Federal Regula-  
6 tions), the Secretary of Labor shall, not later than  
7 December 31, 2022, update such guidance to the ex-  
8 tent necessary to ensure that—

9 (A) a participant or beneficiary under such  
10 a plan is permitted the opportunity to request  
11 that any disclosure required to be delivered on  
12 paper under applicable guidance by the Depart-  
13 ment of Labor shall be furnished by electronic  
14 delivery;

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

18 (i) an explanation of how to request  
19 that all such statements, and any other  
20 document required to be disclosed under  
21 title I of the Employee Retirement Income  
22 Security Act of 1974, be furnished by elec-  
23 tronic delivery; and

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

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

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

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

14 (F) a plan is permitted to furnish a dupli-  
15 cate electronic statement in any case in which  
16 the plan furnishes a paper pension benefit  
17 statement.

18 (c) EFFECTIVE DATE.—The amendment made by  
19 subsection (a) shall apply with respect to plan years begin-  
20 ning after December 31, 2023.

1 **SEC. 315. SEPARATE APPLICATION OF TOP HEAVY RULES**  
2 **TO DEFINED CONTRIBUTION PLANS COV-**  
3 **ERING EXCLUDIBLE EMPLOYEES.**

4 (a) IN GENERAL.—Section 416(c)(2) of the Internal  
5 Revenue Code of 1986 is amended by adding at the end  
6 the following:

7 “(C) SEPARATE APPLICATION TO EMPLOY-  
8 EES NOT MEETING AGE AND SERVICE REQUIRE-  
9 MENTS.—If employees not meeting the age or  
10 service requirements of section 410(a)(1) (with-  
11 out regard to subparagraph (B) thereof) are  
12 covered under a plan of the employer which  
13 meets the requirements of subparagraphs (A)  
14 and (B) separately with respect to such employ-  
15 ees, such employees may be excluded from con-  
16 sideration in determining whether any plan of  
17 the employer meets the requirements of sub-  
18 paragraphs (A) and (B).”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 subsection (a) shall apply to plan years beginning after  
21 the date of the enactment of this Act.

22 **SEC. 316. REPAYMENT OF QUALIFIED BIRTH OR ADOPTION**  
23 **DISTRIBUTION LIMITED TO 3 YEARS.**

24 (a) IN GENERAL.—Section 72(t)(2)(H)(v)(I) of the  
25 Internal Revenue Code of 1986 is amended by striking  
26 “may make” and inserting “may, at any time during the

1 3-year period beginning on the day after the date on which  
2 such distribution was received, make”.

3 (b) **EFFECTIVE DATE.**—The amendment made by  
4 this section shall take effect as if included in the enact-  
5 ment of section 113 of the Setting Every Community Up  
6 for Retirement Enhancement Act of 2019.

7 **SEC. 317. EMPLOYER MAY RELY ON EMPLOYEE CERTI-**  
8 **FYING THAT DEEMED HARDSHIP DISTRIBUTI-**  
9 **ON CONDITIONS ARE MET.**

10 (a) **CASH OR DEFERRED ARRANGEMENTS.**—Section  
11 401(k)(14) of the Internal Revenue Code of 1986 is  
12 amended by adding at the end the following new subpara-  
13 graph:

14 “(C) **EMPLOYEE CERTIFICATION.**—In de-  
15 termining whether a distribution is upon the  
16 hardship of an employee, the administrator of  
17 the plan may rely on a certification by the em-  
18 ployee that the distribution is on account of a  
19 financial need of a type that is deemed in regu-  
20 lations prescribed by the Secretary to be an im-  
21 mediate and heavy financial need and that such  
22 distribution is not in excess of the amount re-  
23 quired to satisfy such financial need.”.

24 (b) **403(b) PLANS.**—

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

4           “(D) EMPLOYEE CERTIFICATION.—In de-  
5 termining whether a distribution is upon the fi-  
6 nancial hardship of an employee, the adminis-  
7 trator of the plan may rely on a certification by  
8 the employee that the distribution is on account  
9 of a financial need of a type that is deemed in  
10 regulations prescribed by the Secretary to be an  
11 immediate and heavy financial need and that  
12 such distribution is not in excess of the amount  
13 required to satisfy such financial need.”.

14           (2) ANNUITY CONTRACTS.—Section 403(b)(11)  
15 of such Code is amended by adding at the end the  
16 following: “In determining whether a distribution is  
17 upon hardship of an employee, the administrator of  
18 the plan may rely on a certification by the employee  
19 that the distribution is on account of a financial  
20 need of a type that is deemed in regulations pre-  
21 scribed by the Secretary to be an immediate and  
22 heavy financial need and that such distribution is  
23 not in excess of the amount required to satisfy such  
24 financial need.”.

1 (c) 457(b) PLAN.—Section 457(d) of such Code is  
2 amended by adding at the end the following new para-  
3 graph:

4 “(4) PARTICIPANT CERTIFICATION.—In deter-  
5 mining whether a distribution to a participant is  
6 made when the participant is faced with an unfore-  
7 seeable emergency, the administrator of a plan  
8 maintained by an eligible employer described in sub-  
9 section (e)(1)(A) may rely on a certification by the  
10 participant that the distribution is made when the  
11 participant is faced with unforeseeable emergency of  
12 a type that is described in regulations prescribed by  
13 the Secretary as an unforeseeable emergency and  
14 that the distribution is not in excess of the amount  
15 reasonably necessary to satisfy the emergency  
16 need.”.

17 (d) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to plan years beginning after De-  
19 cember 31, 2022.

20 **SEC. 318. PENALTY-FREE WITHDRAWALS FROM RETIRE-**  
21 **MENT PLANS FOR INDIVIDUALS IN CASE OF**  
22 **DOMESTIC ABUSE.**

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

1                   “(I) DISTRIBUTIONS FROM RETIREMENT  
2 PLANS IN CASE OF DOMESTIC ABUSE.—

3                   “(i) IN GENERAL.—Any eligible dis-  
4 tribution to a domestic abuse victim.

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

10                   “(I) \$10,000, or

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

15                   “(iii) ELIGIBLE DISTRIBUTION TO A  
16 DOMESTIC ABUSE VICTIM.—For purposes  
17 of this subparagraph—

18                   “(I) IN GENERAL.—A distribu-  
19 tion shall be treated as an eligible dis-  
20 tribution to a domestic abuse victim if  
21 such distribution is from an applicable  
22 eligible retirement plan to an indi-  
23 vidual and made during the 1-year pe-  
24 riod beginning on any date on which  
25 the individual is a victim of domestic

1 abuse by a spouse or domestic part-  
2 ner.

3 “(II) DOMESTIC ABUSE.—The  
4 term ‘domestic abuse’ means physical,  
5 psychological, sexual, emotional, or  
6 economic abuse, including efforts to  
7 control, isolate, humiliate, or intimi-  
8 date the victim, or to undermine the  
9 victim’s ability to reason independ-  
10 ently, including by means of abuse of  
11 the victim’s child or another family  
12 member living in the household.

13 “(iv) TREATMENT OF PLAN DISTRIBUTI-  
14 TIONS.—

15 “(I) IN GENERAL.—If a distribu-  
16 tion to an individual would (without  
17 regard to clause (ii)) be an eligible  
18 distribution to a domestic abuse vic-  
19 tim , a plan shall not be treated as  
20 failing to meet any requirement of  
21 this title merely because the plan  
22 treats the distribution as an eligible  
23 distribution to a domestic abuse vic-  
24 tim, unless the aggregate amount of  
25 such distributions from all plans



1 maintained by the employer (and any  
2 member of any controlled group which  
3 includes the employer) to such indi-  
4 vidual exceeds the limitation under  
5 clause (ii).

6 “(II) CONTROLLED GROUP.—For  
7 purposes of subclause (I), the term  
8 ‘controlled group’ means any group  
9 treated as a single employer under  
10 subsection (b), (c), (m), or (o) of sec-  
11 tion 414.

12 “(v) AMOUNT DISTRIBUTED MAY BE  
13 REPAID.—

14 “(I) IN GENERAL.—Any indi-  
15 vidual who receives a distribution de-  
16 scribed in clause (i) may, at any time  
17 during the 3-year period beginning on  
18 the day after the date on which such  
19 distribution was received, make one or  
20 more contributions in an aggregate  
21 amount not to exceed the amount of  
22 such distribution to an applicable eli-  
23 gible retirement plan of which such  
24 individual is a beneficiary and to  
25 which a rollover contribution of such

1 distribution could be made under sec-  
2 tion 402(c), 403(a)(4), 403(b)(8),  
3 408(d)(3), or 457(e)(16), as the case  
4 may be.

5 “(II) LIMITATION ON CONTRIBU-  
6 TIONS TO APPLICABLE ELIGIBLE RE-  
7 TIREMENT PLANS OTHER THAN  
8 IRAs.—The aggregate amount of con-  
9 tributions made by an individual  
10 under subclause (I) to any applicable  
11 eligible retirement plan which is not  
12 an individual retirement plan shall not  
13 exceed the aggregate amount of eligi-  
14 ble distributions to a domestic abuse  
15 victim which are made from such plan  
16 to such individual. Subclause (I) shall  
17 not apply to contributions to any ap-  
18 plicable eligible retirement plan which  
19 is not an individual retirement plan  
20 unless the individual is eligible to  
21 make contributions (other than those  
22 described in subclause (I)) to such ap-  
23 plicable eligible retirement plan.

24 “(III) TREATMENT OF REPAY-  
25 MENTS OF DISTRIBUTIONS FROM AP-

1                   APPLICABLE   ELIGIBLE   RETIREMENT  
2                   PLANS OTHER THAN IRAS.—If a con-  
3                   tribution is made under subclause (I)  
4                   with respect to an eligible distribution  
5                   to a domestic abuse victim from an  
6                   applicable eligible retirement plan  
7                   other than an individual retirement  
8                   plan, then the taxpayer shall, to the  
9                   extent of the amount of the contribu-  
10                  tion, be treated as having received  
11                  such distribution in an eligible rollover  
12                  distribution (as defined in section  
13                  402(c)(4)) and as having transferred  
14                  the amount to the applicable eligible  
15                  retirement plan in a direct trustee to  
16                  trustee transfer within 60 days of the  
17                  distribution.

18                   “(IV) TREATMENT OF REPAY-  
19                   MENTS FOR DISTRIBUTIONS FROM  
20                   IRAS.—If a contribution is made  
21                   under subclause (I) with respect to an  
22                   eligible distribution to a domestic  
23                   abuse victim from an individual retire-  
24                   ment plan, then, to the extent of the  
25                   amount of the contribution, such dis-

1           distribution shall be treated as a dis-  
2           tribution described in section  
3           408(d)(3) and as having been trans-  
4           ferred to the applicable eligible retire-  
5           ment plan in a direct trustee to trust-  
6           ee transfer within 60 days of the dis-  
7           tribution.

8           “(vi) DEFINITION AND SPECIAL  
9           RULES.—For purposes of this subpara-  
10          graph:

11           “(I) APPLICABLE ELIGIBLE RE-  
12          TIREMENT PLAN.—The term ‘applica-  
13          ble eligible retirement plan’ means an  
14          eligible retirement plan (as defined in  
15          section 402(c)(8)(B)) other than a de-  
16          fined benefit plan.

17           “(II) EXEMPTION OF DISTRIBU-  
18          TIONS FROM TRUSTEE TO TRUSTEE  
19          TRANSFER AND WITHHOLDING  
20          RULES.—For purposes of sections  
21          401(a)(31), 402(f), and 3405, an eli-  
22          gible distribution to a domestic abuse  
23          victim shall not be treated as an eligi-  
24          ble rollover distribution.

1                   “(III) DISTRIBUTIONS TREATED  
2 AS MEETING PLAN DISTRIBUTION RE-  
3 QUIREMENTS; SELF-CERTIFICATION.—  
4 Any distribution which the employee  
5 or participant certifies as being an eli-  
6 gible distribution to a domestic abuse  
7 victim shall be treated as meeting the  
8 requirements of sections  
9 401(k)(2)(B)(i), 403(b)(7)(A)(i),  
10 403(b)(11), and 457(d)(1)(A).”.

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

14 **SEC. 319. REFORM OF FAMILY ATTRIBUTION RULES.**

15       (a) CONTROLLED GROUPS.—Section 414(b) of the  
16 Internal Revenue Code of 1986 is amended—

17           (1) by striking “For purposes of” and inserting  
18 the following:

19           “(1) IN GENERAL.—For purposes of”, and

20           (2) by adding at the end the following new  
21 paragraphs:

22           “(2) SPECIAL RULES FOR APPLYING FAMILY  
23 ATTRIBUTION.—For purposes of applying the attri-  
24 bution rules under section 1563 with respect to  
25 paragraph (1), the following rules apply:

1           “(A) Community property laws shall be  
2           disregarded for purposes of determining owner-  
3           ship.

4           “(B) Except as provided by the Secretary,  
5           stock of an individual not attributed under sec-  
6           tion 1563(e)(5) to such individual’s spouse shall  
7           not be attributed to such spouse by reason of  
8           section 1563(e)(6)(A).

9           “(C) Except as provided by the Secretary,  
10          in the case of stock in different corporations  
11          that is attributed to a child under section  
12          1563(e)(6)(A) from each parent, and is not at-  
13          tributed to such parents as spouses under sec-  
14          tion 1563(e)(5), such attribution to the child  
15          shall not by itself result in such corporations  
16          being members of the same controlled group.

17          “(3) PLAN SHALL NOT FAIL TO BE TREATED AS  
18          SATISFYING THIS SECTION.—If the application of  
19          paragraph (2) causes two or more entities to be a  
20          controlled group, or to no longer be in a controlled  
21          group, such change shall be treated as a transaction  
22          to which section 410(b)(6)(C) applies.”.

23          (b) AFFILIATED SERVICE GROUPS.—Section  
24          414(m)(6)(B) of such Code is amended—

1           (1) by striking “OWNERSHIP.—In determining”  
2           and inserting the following: “OWNERSHIP.—

3                       “(i) IN GENERAL.—In determining”,  
4                       and

5           (2) by adding at the end the following new  
6           clauses:

7                       “(ii) SPECIAL RULES FOR APPLYING  
8                       FAMILY CONTRIBUTION.—For purposes of  
9                       applying the attribution rules under section  
10                      318 with respect to clause (i), the following  
11                      rules apply:

12                      “(I) Community property laws  
13                      shall be disregarded for purposes of  
14                      determining ownership.

15                      “(II) Except as provided by the  
16                      Secretary, stock of an individual not  
17                      attributed           under           section  
18                      318(a)(1)(A)(i) to such individual’s  
19                      spouse shall not be attributed by rea-  
20                      son of section 318(a)(1)(A)(ii) to such  
21                      spouse from a child who has not at-  
22                      tained the age of 21 years.

23                      “(III) Except as provided by the  
24                      Secretary, in the case of stock in dif-  
25                      ferent corporations that is attributed

1 under section 318(a)(1)(A)(ii) to a  
2 child who has not attained the age of  
3 21 years from each parent, and is not  
4 attributed to such parents as spouses  
5 under section 318(a)(1)(A)(i), such  
6 attribution to the child shall not by  
7 itself result in such corporations being  
8 members of the same affiliated service  
9 group.

10 “(iii) PLAN SHALL NOT FAIL TO BE  
11 TREATED AS SATISFYING THIS SECTION.—  
12 If the application of clause (ii) causes two  
13 or more entities to be an affiliated service  
14 group, or to no longer be in an affiliated  
15 service group, such change shall be treated  
16 as a transaction to which section  
17 410(b)(6)(C) applies.”.

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



1 **SEC. 320. AMENDMENTS TO INCREASE BENEFIT ACCRUALS**  
2 **UNDER PLAN FOR PREVIOUS PLAN YEAR AL-**  
3 **LOWED UNTIL EMPLOYER TAX RETURN DUE**  
4 **DATE.**

5 (a) IN GENERAL.—Section 401(b) of the Internal  
6 Revenue Code of 1986 is amended by adding at the end  
7 the following new paragraph:

8 “(3) RETROACTIVE PLAN AMENDMENTS THAT  
9 INCREASE BENEFIT ACCRUALS.—If—

10 “(A) an employer amends a stock bonus,  
11 pension, profit-sharing, or annuity plan to in-  
12 crease benefits accrued under the plan effective  
13 for the preceding plan year (other than increas-  
14 ing the amount of matching contributions (as  
15 defined in subsection (m)(4)(A))),

16 “(B) such amendment would not otherwise  
17 cause the plan to fail to meet any of the re-  
18 quirements of this subchapter, and

19 “(C) such amendment is adopted before  
20 the time prescribed by law for filing the return  
21 of the employer for a taxable year (including  
22 extensions thereof) during which such amend-  
23 ment is effective,

24 the employer may elect to treat such amendment as  
25 having been adopted as of the last day of the plan  
26 year in which the amendment is effective.”.

1 (b) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to plan years beginning after De-  
3 cember 31, 2023.

4 **SEC. 321. RETROACTIVE FIRST YEAR ELECTIVE DEFER-**  
5 **RAIS FOR SOLE PROPRIETORS.**

6 (a) IN GENERAL.—Section 401(b)(2) of the Internal  
7 Revenue Code of 1986 is amended by adding at the end  
8 the following: “In the case of an individual who owns the  
9 entire interest in an unincorporated trade or business, and  
10 who is the only employee of such trade or business, any  
11 elective deferrals (as defined in section 402(g)(3)) under  
12 a qualified cash or deferred arrangement to which the pre-  
13 ceding sentence applies, which are made by such individual  
14 before the time for filing the return of such individual for  
15 the taxable year (determined without regard to any exten-  
16 sions) ending after or with the end of the plan’s first plan  
17 year, shall be treated as having been made before the end  
18 of such first plan year.”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 this section shall apply to plan years beginning after the  
21 date of the enactment of this Act.

1 **SEC. 322. LIMITING CESSATION OF IRA TREATMENT TO**  
2 **PORTION OF ACCOUNT INVOLVED IN A PRO-**  
3 **HIBITED TRANSACTION.**

4 (a) IN GENERAL.—Section 408(e)(2)(A) of the Inter-  
5 nal Revenue Code of 1986 is amended by striking “such  
6 account ceases to be an individual retirement account”  
7 and inserting the following: “the amount involved (as de-  
8 fined in section 4975(f)(4)) in such transaction shall be  
9 treated as distributed to the individual”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Section 408(e)(2)(B) of such Code is  
12 amended to read as follows:

13 “(B) ACCOUNT TREATED AS DISTRIBUTING  
14 PORTION OF ASSETS USED IN PROHIBITED  
15 TRANSACTION.—In any case in which a portion  
16 of an individual retirement account is treated as  
17 distributed under subparagraph (A) as of the  
18 first day of any taxable year, paragraph (1) of  
19 subsection (d) applies as if there were a dis-  
20 tribution on such first day in an amount equal  
21 to the fair market value of such portion, deter-  
22 mined as of the date on which the transaction  
23 prohibited by section 4975 occurs.”.

24 (A) by striking “ALL ITS ASSETS.—In any  
25 case” and all that follows through “by reason  
26 of subparagraph (A)” and inserting the fol-

1           lowing: “PORTION OF ASSETS USED IN PROHIB-  
2           ITED TRANSACTION.—In any case in which a  
3           portion of an individual retirement account is  
4           treated as distributed under subparagraph  
5           (A)”, and

6                       (B) by striking “all assets in the account”  
7           and inserting “such portion”.

8           (2) Section 4975(c)(3) of such Code is amended  
9           by striking “the account ceases” and all that follows  
10          and inserting the following: “the portion of the ac-  
11          count used in the transaction is treated as distrib-  
12          uted under paragraph (2)(A) or (4) of section  
13          408(e).”.

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

17       **SEC. 323. REVIEW OF PENSION RISK TRANSFER INTERPRE-**  
18                               **TIVE BULLETIN.**

19          Not later than 1 year after the date of enactment  
20          of this Act, the Secretary of Labor shall—

21               (1) review section 2509.95–1 of title 29, Code  
22          of Federal Regulations (relating to the fiduciary  
23          standards under the Employee Retirement Income  
24          Security Act of 1974 when selecting an annuity pro-  
25          vider for a defined benefit pension plan) to deter-

1 mine whether amendments to such section are war-  
2 ranted; and

3 (2) report to Congress on the findings of such  
4 review, including an assessment of any risk to par-  
5 ticipants.

## 6 **TITLE IV—TECHNICAL** 7 **AMENDMENTS**

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

11 (a) TECHNICAL AMENDMENTS.—

12 (1) AMENDMENTS RELATING TO SECTION  
13 103.—

14 (A) Section 401(k)(12)(G) of the Internal  
15 Revenue Code of 1986 is amended by striking  
16 “the requirements under subparagraph (A)(i)”  
17 and inserting “the contribution requirements  
18 under subparagraph (B) or (C)”.

19 (B) Section 401(k)(13)(D)(iv) of such  
20 Code is amended by striking “and (F)” and in-  
21 sserting “and (G)”.

22 (C) Section 401(m)(12) of such Code is  
23 amended by striking “and” at the end of sub-  
24 paragraph (A), by redesignating subparagraph  
25 (B) as subparagraph (C), and by inserting after

1           subparagraph (A) (as so amended) the fol-  
2           lowing new subparagraph:

3                   “(B) meets the notice requirements of sub-  
4                   section (k)(13)(E), and”.

5           (2) AMENDMENT RELATING TO SECTION 112.—

6           Section 401(k)(15)(B)(i)(II) of such Code is amend-  
7           ed by striking “subsection (m)(2)” and inserting  
8           “paragraphs (2), (11), and (12) of subsection (m)”.

9           (3) AMENDMENT RELATING TO SECTION 114.—

10          Section 401(a)(9)(C)(iii) of such Code is amended  
11          by striking “employee to whom clause (i)(II) ap-  
12          plies” and inserting “employee (other than an em-  
13          ployee to whom clause (i)(II) does not apply by rea-  
14          son of clause (ii))”.

15          (4) AMENDMENT RELATING TO SECTION 116.—

16          Section 4973(b) of such Code is amended by adding  
17          at the end of the flush matter the following: “Such  
18          term shall not include any designated nondeductible  
19          contribution (as defined in subparagraph (C) of sec-  
20          tion 408(o)(2)) which does not exceed the non-  
21          deductible limit under subparagraph (B) thereof by  
22          reason of an election under section 408(o)(5).”.

23          (5) EFFECTIVE DATE.—The amendments made  
24          by this subsection shall take effect as if included in  
25          the section of the Setting Every Community Up for

1 Retirement Enhancement Act of 2019 to which the  
2 amendment relates.

3 (b) CLERICAL AMENDMENTS.—

4 (1) Section 408(o)(5)(A) of such Code is  
5 amended by striking “subsection (b)” and inserting  
6 “section 219(b)”.

7 (2) Section 72(t)(2)(H)(vi)(IV) of such Code is  
8 amended by striking “403(b)(7)(A)(ii)” and insert-  
9 ing “ 403(b)(7)(A)(i)”.

## 10 **TITLE V—ADMINISTRATIVE** 11 **PROVISIONS**

### 12 **SEC. 501. PROVISIONS RELATING TO PLAN AMENDMENTS.**

13 (a) IN GENERAL.—If this section applies to any re-  
14 tirement plan or contract amendment—

15 (1) such retirement plan or contract shall be  
16 treated as being operated in accordance with the  
17 terms of the plan during the period described in sub-  
18 section (b)(2)(A); and

19 (2) except as provided by the Secretary of the  
20 Treasury (or the Secretary’s delegate), such retire-  
21 ment plan shall not fail to meet the requirements of  
22 section 411(d)(6) of the Internal Revenue Code of  
23 1986 and section 204(g) of the Employee Retirement  
24 Income Security Act of 1974 by reason of such  
25 amendment.

1 (b) AMENDMENTS TO WHICH SECTION APPLIES.—

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

5 (A) pursuant to any amendment made by  
6 this Act or pursuant to any regulation issued by  
7 the Secretary of the Treasury or the Secretary  
8 of Labor (or a delegate of either such Sec-  
9 retary) under this Act; and

10 (B) on or before the last day of the first  
11 plan year beginning on or after January 1,  
12 2024, or such later date as the Secretary of the  
13 Treasury may prescribe.

14 In the case of a governmental plan (as defined in  
15 section 414(d) of the Internal Revenue Code of  
16 1986), or an applicable collectively bargained plan,  
17 this paragraph shall be applied by substituting  
18 “2026” for “2024”. For purposes of the preceding  
19 sentence, the term “applicable collectively bargained  
20 plan” means a plan maintained pursuant to 1 or  
21 more collective bargaining agreements between em-  
22 ployee representatives and 1 or more employers rati-  
23 fied before the date of enactment of this Act.

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



1 (A) during the period—

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

9 (ii) ending on the date described in  
10 paragraph (1)(B) (as modified by the sec-  
11 ond sentence of paragraph (1)) (or, if ear-  
12 lier, the date the plan or contract amend-  
13 ment is adopted),

14 the plan or contract is operated as if such plan  
15 or contract amendment were in effect; and

16 (B) such plan or contract amendment ap-  
17 plies retroactively for such period.

18 (c) COORDINATION WITH OTHER PROVISIONS RE-  
19 LATING TO PLAN AMENDMENTS.—

20 (1) SECURE ACT.—Section 601(b)(1) of the  
21 Setting Every Community Up for Retirement En-  
22 hancement Act of 2019 is amended—

23 (A) by striking “January 1, 2022” in sub-  
24 paragraph (B) and inserting “January 1,  
25 2024”, and

1 (B) by striking “substituting ‘2024’ for  
2 ‘2022’.” in the flush matter at the end and in-  
3 serting “substituting ‘2026’ for ‘2024’.”.

4 (2) CARES ACT.—

5 (A) SPECIAL RULES FOR USE OF RETIRE-  
6 MENT FUNDS.—Section 2202(c)(2)(A) of the  
7 CARES Act is amended by striking “January  
8 1, 2022” in clause (ii) and inserting “January  
9 1, 2024”.

10 (B) TEMPORARY WAIVER OF REQUIRED  
11 MINIMUM DISTRIBUTIONS RULES FOR CERTAIN  
12 RETIREMENT PLANS AND ACCOUNTS.—Section  
13 2203(c)(2)(B)(i) of the CARES Act is amend-  
14 ed—

15 (i) by striking “January 1, 2022” in  
16 subclause (II) and inserting “January 1,  
17 2024”, and

18 (ii) by striking “substituting ‘2024’  
19 for ‘2022’.” in the flush matter at the end  
20 and inserting “substituting ‘2026’ for  
21 ‘2024’.”.

22 (C) TAXPAYER CERTAINTY AND DISASTER  
23 TAX RELIEF ACT OF 2020.—Section  
24 302(d)(2)(A) of the Taxpayer Certainty and  
25 Disaster Tax Relief Act of 2020 is amended by

1 striking “January 1, 2022” in clause (ii) and  
2 inserting “January 1, 2024”.

3 **TITLE VI—REVENUE**  
4 **PROVISIONS**

5 **SEC. 601. SIMPLE AND SEP ROTH IRAS.**

6 (a) IN GENERAL.—Section 408A of the Internal Rev-  
7 enue Code of 1986 is amended by striking subsection (f).

8 (b) RULES RELATING TO SIMPLIFIED EMPLOYEE  
9 PENSIONS.—

10 (1) CONTRIBUTIONS.—Section 402(h)(1) of  
11 such Code is amended by striking “and” at the end  
12 of subparagraph (A), by striking the period at the  
13 end of subparagraph (B) and inserting “, and”, and  
14 by adding at the end the following new subpara-  
15 graph:

16 “(C) in the case of any contributions pur-  
17 suant to a simplified employer pension which  
18 are made to an individual retirement plan des-  
19 igned as a Roth IRA, such contribution shall  
20 not be excludable from gross income.”.

21 (2) DISTRIBUTIONS.—Section 402(h)(3) of such  
22 Code is amended by inserting “, or section 408A(d)  
23 in the case of an individual retirement plan des-  
24 igned as a Roth IRA” before the period at the  
25 end.

1           (3) ELECTION REQUIRED.—Section 408(k) of  
2 such Code is amended by redesignating paragraphs  
3 (7), (8), and (9) as paragraphs (8), (9), and (10),  
4 respectively, and by inserting the after paragraph  
5 (6) the following new paragraph:

6           “(7) ROTH CONTRIBUTION ELECTION.—An in-  
7 dividual retirement plan which is designated as a  
8 Roth IRA shall not be treated as a simplified em-  
9 ployee pension under this subsection unless the em-  
10 ployee elects for such plan to be so treated (at such  
11 time and in such manner as the Secretary may pro-  
12 vide).”.

13           (c) RULES RELATING TO SIMPLE RETIREMENT AC-  
14 COUNTS.—

15           (1) ELECTION REQUIRED.—Section 408(p) of  
16 such Code is amended by adding at the end the fol-  
17 lowing new paragraph:

18           “(11) ROTH CONTRIBUTION ELECTION.—An in-  
19 dividual retirement plan which is designated as a  
20 Roth IRA shall not be treated as a simple retirement  
21 account under this subsection unless the employee  
22 elects for such plan to be so treated (at such time  
23 and in such manner as the Secretary may pro-  
24 vide).”.

1           (2) ROLLOVERS.—Section 408A(e) of such  
2 Code is amended by adding at the end the following  
3 new paragraph:

4           “(3) SIMPLE RETIREMENT ACCOUNTS.—In the  
5 case of any payment or distribution out of a simple  
6 retirement account (as defined in section 408(p))  
7 with respect to which an election has been made  
8 under section 408(p)(11) and to which 72(t)(6) ap-  
9 plies, the term ‘qualified rollover contribution’ shall  
10 not include any payment or distribution paid into an  
11 account other than another simple retirement ac-  
12 count (as so defined).”.

13           (d) COORDINATION WITH ROTH CONTRIBUTION LIM-  
14 ITATION.—Section 408A(c) of such Code is amended by  
15 adding at the end the following new paragraph:

16           “(7) COORDINATION WITH LIMITATION FOR  
17 SIMPLE RETIREMENT PLANS AND SEPs.—In the  
18 case of an individual on whose behalf contributions  
19 are made to a simple retirement account or a sim-  
20 plified employee pension, the amount described in  
21 paragraph (2)(A) shall be increased by an amount  
22 equal to the contributions made on the individual’s  
23 behalf to such account or pension for the taxable  
24 year, but only to the extent such contributions—

1           “(A) in the case of a simplified retirement  
2           account—

3                   “(i) do not exceed the sum of the dol-  
4           lar amount in effect for the taxable year  
5           under section 408(p)(2)(A)(ii) and the em-  
6           ployer contribution required under sub-  
7           paragraph (A)(iii) or (B)(i), as the case  
8           may be, of section 408(p)(2), and

9                   “(ii) do not cause the elective defer-  
10          rals (as defined in section 402(g)(3)) on  
11          behalf of such individual to exceed the lim-  
12          itation under section 402(g)(1) (taking  
13          into account any additional elective defer-  
14          rals permitted under section 414(v)), or

15                  “(B) in the case of a simplified employee  
16          pension, do not exceed the limitation in effect  
17          under section 408(j).”.

18          (e)           CONFORMING            AMENDMENT.—Section  
19          408A(d)(2)(B) of such Code is amended by inserting “,  
20          or employer in the case of a simple retirement account  
21          (as defined in section 408(p)) or simplified employee pen-  
22          sion (as defined in section 408(k)),” after “individual’s  
23          spouse”.

1 (f) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2022.

4 **SEC. 602. HARDSHIP WITHDRAWAL RULES FOR 403(b)**  
5 **PLANS.**

6 (a) IN GENERAL.—Section 403(b) of the Internal  
7 Revenue Code of 1986, as amended by the preceding pro-  
8 visions of this Act, is amended by adding at the end the  
9 following new paragraph:

10 “(16) SPECIAL RULES RELATING TO HARDSHIP  
11 WITHDRAWALS.—For purposes of paragraphs (7)  
12 and (11)—

13 “(A) AMOUNTS WHICH MAY BE WITH-  
14 DRAWN.—The following amounts may be dis-  
15 tributed upon hardship of the employee:

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

19 “(ii) Qualified nonelective contribu-  
20 tions (as defined in section 401(m)(4)(C)).

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

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

1           “(B) NO REQUIREMENT TO TAKE AVAIL-  
2           ABLE LOAN.—A distribution shall not be treat-  
3           ed as failing to be made upon the hardship of  
4           an employee solely because the employee does  
5           not take any available loan under the plan.”.

6           (b) CONFORMING AMENDMENTS.—

7           (1) Section 403(b)(7)(A)(i)(V) of such Code is  
8           amended by striking “in the case of contributions  
9           made pursuant to a salary reduction agreement  
10          (within the meaning of section 3121(a)(5)(D))” and  
11          inserting “subject to the provisions of paragraph  
12          (16)”.

13          (2) Paragraph (11) of section 403(b) of such  
14          Code, as amended by the preceding provisions of this  
15          Act, is amended—

16                  (A) by striking “in” in subparagraph (B)  
17                  and inserting “subject to the provisions of para-  
18                  graph (16), in”, and

19                  (B) by striking the penultimate sentence.

20          (c) EFFECTIVE DATE.—The amendments made by  
21          this section shall apply to plan years beginning after De-  
22          cember 31, 2022.



1 **SEC. 603. ELECTIVE DEFERRALS GENERALLY LIMITED TO**  
2 **REGULAR CONTRIBUTION LIMIT.**

3 (a) APPLICABLE EMPLOYER PLANS.—Section  
4 414(v)(1) of the Internal Revenue Code of 1986 is amend-  
5 ed by adding at the end the following: “Except in the case  
6 of an applicable employer plan described in paragraph  
7 (6)(A)(iv), the preceding sentence shall only apply if con-  
8 tributions are designated Roth contributions (as defined  
9 in section 402A(c)(1)).”.

10 (b) CONFORMING AMENDMENTS.—

11 (1) Section 402(g)(1) of such Code is amended  
12 by striking subparagraph (C).

13 (2) Section 457(e)(18)(A)(ii) of such Code is  
14 amended by inserting “the lesser of any designated  
15 Roth contributions made by the participant to the  
16 plan or” before “the applicable dollar amount”.

17 (c) EFFECTIVE DATE.—The amendments made by  
18 this section shall apply to taxable years beginning after  
19 December 31, 2022.

20 **SEC. 604. OPTIONAL TREATMENT OF EMPLOYER MATCHING**  
21 **CONTRIBUTIONS AS ROTH CONTRIBUTIONS.**

22 (a) IN GENERAL.—Section 402A(a) of the Internal  
23 Revenue Code of 1986 is amended by redesignating para-  
24 graph (2) as paragraph (3), by striking “and” at the end  
25 of paragraph (1), and by inserting after paragraph (1) the  
26 following new paragraph:

1           “(2) any designated Roth contribution which is  
2           made by the employer to the program on the em-  
3           ployee’s behalf, and on account of the employee’s  
4           contribution, elective deferral, or (subject to the re-  
5           quirements of section 401(m)(13)) qualified student  
6           loan payment, shall be treated as a matching con-  
7           tribution for purposes of this chapter, except that  
8           such contribution shall not be excludable from gross  
9           income, and”.

10          (b) MATCHING INCLUDED IN QUALIFIED ROTH CON-  
11          TRIBUTION PROGRAM.—Section 402A(b)(1) of such Code  
12          is amended—

13                 (1) by inserting “, or to have made on the em-  
14                 ployee’s behalf,” after “elect to make”, and

15                 (2) by inserting “, or of matching contributions  
16                 which may otherwise be made on the employee’s be-  
17                 half,” after “otherwise eligible to make”.

18          (c) DESIGNATED ROTH MATCHING CONTRIBU-  
19          TIONS.—Section 402A(c)(1) of such Code is amended by  
20          inserting “or matching contribution” after “elective defer-  
21          ral”.

22          (d) MATCHING CONTRIBUTION DEFINED.—Section  
23          402A(e) of such Code is amended by adding at the end  
24          the following:

1           “(3) MATCHING CONTRIBUTION.—The term  
2           ‘matching contribution’ means—

3                   “(A) any matching contribution described  
4                   in section 401(m)(4)(A), and

5                   “(B) any contribution to an eligible de-  
6                   ferred compensation plan (as defined in section  
7                   457(b)) by an eligible employer described in  
8                   section 457(e)(1)(A) on behalf of an employee  
9                   and on account of such employee’s elective de-  
10                  ferral under such plan.”.

11          (e) EFFECTIVE DATE.—The amendments made by  
12 this section shall apply to contributions made after the  
13 date of the enactment of this Act.

14                   **TITLE VII—BUDGETARY**  
15                   **EFFECTS**

16          **SEC. 701. DETERMINATION OF BUDGETARY EFFECTS.**

17          The budgetary effects of this Act, for the purpose of  
18 complying with the Statutory Pay-As-You-Go Act of 2010,  
19 shall be determined by reference to the latest statement  
20 titled “Budgetary Effects of PAYGO Legislation” for this  
21 Act, submitted for printing in the Congressional Record  
22 by the Chairman of the House Budget Committee, pro-

1 vided that such statement has been submitted prior to the  
2 vote on passage.

Passed the House of Representatives March 29,  
2022.

Attest:

*Clerk.*



117<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 2954**

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**AN ACT**

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