

Calendar No. _____

117TH CONGRESS
2D SESSION

S. _____

[Report No. 11-_____]]

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

IN THE SENATE OF THE UNITED STATES

Mr. WYDEN, from the Committee on _____, reported the
following original bill; which was read twice and placed on the calendar

A BILL

To amend the Internal Revenue Code of 1986 to reform
retirement provisions, 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,*

3 **SECTION 1. SHORT TITLE, ETC.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Enhancing American Retirement Now Act” or the
6 “EARN Act”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-
8 wise expressly provided, whenever in this Act an amend-

1 ment or repeal is expressed in terms of an amendment
 2 to, or repeal of, a section or other provision, the reference
 3 shall be considered to be made to a section or other provi-
 4 sion of the Internal Revenue Code of 1986.

5 (c) TABLE OF CONTENTS.—The table of contents for
 6 this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—INDIVIDUAL RETIREMENT

- Sec. 101. Secure deferral arrangements.
- Sec. 102. Matching payments for elective deferral and IRA contributions by certain individuals.
- Sec. 103. Modification of participation requirements for long-term, part-time workers.
- Sec. 104. Treatment of student loan payments as elective deferrals for purposes of matching contributions.
- Sec. 105. Withdrawals for certain emergency expenses.
- Sec. 106. Allow additional nonelective contributions to simple plans.
- Sec. 107. Small immediate financial incentives for contributing to a plan.
- Sec. 108. Indexing IRA catch-up limit.
- Sec. 109. Higher catch-up limit to apply at age 60, 61, 62, and 63.
- Sec. 110. Eliminate the “first day of the month” requirement for governmental section 457(b) plans.
- Sec. 111. Tax treatment of certain nontrade or business SEP contributions.
- Sec. 112. Elimination of additional tax on corrective distributions of excess contributions.
- Sec. 113. Employer may rely on employee certifying that deemed hardship distribution conditions are met.
- Sec. 114. Penalty-free withdrawals from retirement plans for individuals in case of domestic abuse.
- Sec. 115. Amendments to increase benefit accruals under plan for previous plan year allowed until employer tax return due date.
- Sec. 116. Retroactive first year elective deferrals for sole proprietors.
- Sec. 117. Treasury guidance on rollovers.
- Sec. 118. Exemption for automatic portability transactions.
- Sec. 119. Application of section 415 limit for certain employees of rural electric cooperatives.
- Sec. 120. Insurance-dedicated exchange-traded funds.
- Sec. 121. Modification of age requirement for qualified ABLE programs.
- Sec. 122. Assist savers in recovering unclaimed savings bonds.

TITLE II—RETIREEES

- Sec. 201. Increase in age for required beginning date for mandatory distributions.
- Sec. 202. Qualifying longevity annuity contracts.
- Sec. 203. Remove required minimum distribution barriers for life annuities.
- Sec. 204. Eliminating a penalty on partial annuitization.

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- Sec. 205. Reduction in excise tax on certain accumulations in qualified retirement plans.
- Sec. 206. Clarification of substantially equal periodic payment rule.
- Sec. 207. Recovery of retirement plan overpayments.
- Sec. 208. Retirement Savings Lost and Found.
- Sec. 209. Roth plan distribution rules.
- Sec. 210. One-time election for qualified charitable distribution to split-interest entity; increase in qualified charitable distribution limitation.
- Sec. 211. Exception to penalty on early distributions from qualified plans for individuals with a terminal illness.
- Sec. 212. Surviving spouse election to be treated as employee.
- Sec. 213. Long-term care contracts purchased with retirement plan distributions.

TITLE III—PUBLIC SAFETY OFFICERS AND MILITARY

- Sec. 301. Military spouse retirement plan eligibility credit for small employers.
- Sec. 302. Distributions to firefighters.
- Sec. 303. Exclusion of certain disability-related first responder retirement payments.
- Sec. 304. Repeal of direct payment requirement on exclusion from gross income of distributions from governmental plans for health and long-term care insurance.
- Sec. 305. Modification of eligible age for exemption from early withdrawal penalty.
- Sec. 306. Exemption from early withdrawal penalty for certain State and local government corrections employees.

TITLE IV—NONPROFITS AND EDUCATORS

- Sec. 401. Enhancement of 403(b) plans.
- Sec. 402. Hardship withdrawal rules for 403(b) plans.
- Sec. 403. Multiple employer 403(b) plans.

TITLE V—DISASTER RELIEF

- Sec. 501. Special rules for use of retirement funds in connection with qualified federally declared disasters.

TITLE VI—EMPLOYER PLANS

- Sec. 601. Credit for employers with respect to modified safe harbor requirements.
- Sec. 602. Application of top heavy rules to defined contribution plans covering excludable employees.
- Sec. 603. Increase in credit limitation for small employer pension plan startup costs of certain employers.
- Sec. 604. Expansion of Employee Plans Compliance Resolution System.
- Sec. 605. Application of credit for small employer pension plan startup costs to employers which join an existing plan.
- Sec. 606. Safe harbor for corrections of employee elective deferral failures.
- Sec. 607. Reform of family attribution rule.
- Sec. 608. Contribution limit for simple IRAs.
- Sec. 609. Employers allowed to replace simple retirement accounts with safe harbor 401(k) plans during a year.
- Sec. 610. Starter 401(k) plans for employers with no retirement plan.

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- Sec. 611. Credit for small employers that adapt an automatic portability arrangement.
- Sec. 612. Re-enrollment credit.
- Sec. 613. Corrections of mortality tables.
- Sec. 614. Enhancing retiree health benefits in pension plans.
- Sec. 615. Deferral of tax for certain sales of employer stock to employee stock ownership plan sponsored by S corporation.

TITLE VII—NOTICES

- Sec. 701. Review and report to Congress relating to reporting and disclosure requirements.
- Sec. 702. Report to Congress on section 402(f) notices.
- Sec. 703. Eliminating unnecessary plan requirements related to unenrolled participants.

TITLE VIII—TECHNICAL MODIFICATIONS

- Sec. 801. Repayment of qualified birth or adoption distribution limited to 3 years.
- Sec. 802. Amendments relating to Setting Every Community Up for Retirement Enhancement Act of 2019.
- Sec. 803. Modification of required minimum distribution rules for special needs trusts.

TITLE IX—PLAN AMENDMENTS

- Sec. 901. Provisions relating to plan amendments.

TITLE X—TAX COURT RETIREMENT PROVISIONS

- Sec. 1001. Provisions relating to judges of the Tax Court.
- Sec. 1002. Provisions relating to special trial judges of the Tax Court.

TITLE XI—REVENUE PROVISIONS

- Sec. 1101. Simple and SEP Roth IRAs.
- Sec. 1102. Elective deferrals generally limited to regular contribution limit.
- Sec. 1103. Optional treatment of employer matching or nonelective contributions as Roth contributions.
- Sec. 1104. Charitable conservation easements.

1 **TITLE I—INDIVIDUAL**
 2 **RETIREMENT**

3 **SEC. 101. SECURE DEFERRAL ARRANGEMENTS.**

4 (a) IN GENERAL.—Subsection (k) of section 401 is
 5 amended by adding at the end the following new para-
 6 graph:

1 “(16) ALTERNATIVE METHOD FOR SECURE DE-
2 FERRAL ARRANGEMENTS TO MEET NONDISCRIMINA-
3 TION REQUIREMENTS.—

4 “(A) IN GENERAL.—A secure deferral ar-
5 rangement shall be treated as meeting the re-
6 quirements of paragraph (3)(A)(ii).

7 “(B) SECURE DEFERRAL ARRANGE-
8 MENT.—For purposes of this paragraph, the
9 term ‘secure deferral arrangement’ means any
10 cash or deferred arrangement which meets the
11 requirements of subparagraphs (C), (D), and
12 (E) of paragraph (13), except as modified by
13 this paragraph.

14 “(C) QUALIFIED PERCENTAGE.—For pur-
15 poses of this paragraph, in applying paragraph
16 (13)(C) with respect to any employee, the term
17 ‘qualified percentage’ means, in lieu of the
18 meaning given such term in paragraph
19 (13)(C)(iii), any percentage determined under
20 the arrangement if such percentage is applied
21 uniformly and is—

22 “(i) at least 6 percent, but not greater
23 than 10 percent, during the period ending
24 on the last day of the first plan year which
25 begins after the date on which the first

1 elective contribution described in para-
2 graph (13)(C)(i) is made with respect to
3 such employee,

4 “(ii) at least 7 percent during the
5 first plan year following the plan year de-
6 scribed in clause (i),

7 “(iii) at least 8 percent during the
8 second plan year following the plan year
9 described in clause (i),

10 “(iv) at least 9 percent during the
11 third plan year following the plan year de-
12 scribed in clause (i), and

13 “(v) at least 10 percent during any
14 subsequent plan year.

15 “(D) MATCHING CONTRIBUTIONS.—

16 “(i) IN GENERAL.—For purposes of
17 this paragraph, an arrangement shall be
18 treated as having met the requirements of
19 paragraph (13)(D)(i) if and only if the em-
20 ployer makes matching contributions on
21 behalf of each employee who is not a highly
22 compensated employee in an amount equal
23 to the sum of—

24 “(I) 100 percent of the elective
25 contributions of the employee to the

1 extent such contributions do not ex-
2 ceed 2 percent of compensation,

3 “(II) 50 percent of so much of
4 such contributions as exceed 2 percent
5 but do not exceed 6 percent of com-
6 pensation, plus

7 “(III) 20 percent of so much of
8 such contributions as exceed 6 percent
9 but do not exceed 10 percent of com-
10 pensation.

11 “(ii) RULES FOR MATCHING CON-
12 TRIBUTIONS.—

13 “(I) IN GENERAL.—The rate of
14 matching contributions with respect to
15 each increment of employee contribu-
16 tions may be higher than the rate
17 specified in clause (i) so long as such
18 rate does not increase as an employ-
19 ee’s rate of elective contributions in-
20 creases.

21 “(II) RULES RELATING TO AL-
22 TERNATIVE PLAN DESIGNS.—The
23 rules of paragraph (12)(B)(iii) shall
24 not apply for purposes of clause (i).”.

1 (b) MATCHING CONTRIBUTIONS.—Subsection (m) of
2 section 401 is amended by redesignating paragraph (13)
3 as paragraph (14) and by inserting after paragraph (12)
4 the following new paragraph:

5 “(13) ALTERNATIVE METHOD FOR SECURE DE-
6 FERRAL ARRANGEMENTS.—A defined contribution
7 plan shall be treated as meeting the requirements of
8 paragraph (2) with respect to matching contribu-
9 tions if the plan—

10 “(A) is a secure deferral arrangement (as
11 defined in subsection (k)(16)),

12 “(B) meets the requirements of clauses (ii)
13 and (iii) of paragraph (11)(B), and

14 “(C) provides that matching contributions
15 on behalf of any employee may not be made
16 with respect to an employee’s contributions or
17 elective deferrals in excess of 10 percent of the
18 employee’s compensation.”.

19 (c) CONFORMING AMENDMENTS.—

20 (1) Clause (ii) of section 401(k)(12)(F) is
21 amended by striking “or paragraph (13)(D)(i)(I)”
22 and inserting “, paragraph (13)(D)(i)(I), or para-
23 graph (16)(D)”.

24 (2) Subclause (II) of section 401(k)(15)(B)(i) is
25 amended by striking “subsection (a)(4), paragraphs

1 (3), (12), and (13)” and inserting “paragraphs (3),
2 (12), (13), and (16), subsection (a)(4)”.

3 (3) Subparagraph (H) of section 416(g)(4) is
4 amended—

5 (A) in clause (i), by striking “section
6 401(k)(12) or 401(k)(13)” and inserting “para-
7 graph (12), (13), or (16) of section 401(k)”,
8 and

9 (B) in clause (ii), by striking “section
10 401(m)(11) or 401(m)(12)” and inserting
11 “paragraph (11), (12), or (13) of section
12 401(m)”.

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

16 **SEC. 102. MATCHING PAYMENTS FOR ELECTIVE DEFERRAL**
17 **AND IRA CONTRIBUTIONS BY CERTAIN INDI-**
18 **VIDUALS.**

19 (a) IN GENERAL.—Subchapter B of chapter 65 is
20 amended by adding at the end the following new section:

21 **“SEC. 6433. MATCHING PAYMENTS FOR ELECTIVE DEFER-**
22 **RAL AND IRA CONTRIBUTIONS BY CERTAIN**
23 **INDIVIDUALS.**

24 “(a) IN GENERAL.—

1 “(1) ALLOWANCE OF CREDIT.—Any eligible in-
2 dividual who makes qualified retirement savings con-
3 tributions for the taxable year shall be allowed a
4 credit for such taxable year in an amount equal to
5 the applicable percentage of so much of the qualified
6 retirement savings contributions made by such eligi-
7 ble individual for the taxable year as does not exceed
8 \$2,000.

9 “(2) PAYMENT OF CREDIT.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (A), the credit under this section
12 shall be—

13 “(i) treated as allowed by subpart C
14 of part IV of subchapter A of chapter 1,
15 and

16 “(ii) paid by the Secretary as a con-
17 tribution (as soon as practicable after the
18 eligible individual has filed a tax return
19 making a claim for such credit for the tax-
20 able year) to the applicable retirement sav-
21 ings vehicle of an eligible individual.

22 “(B) EXCEPTION.—In the case of an eligi-
23 ble individual with respect to whom the credit
24 determined under paragraph (1) is greater than
25 zero but less than \$100 for the taxable year,

1 the eligible individual may elect to have sub-
2 paragraph (A) not apply.

3 “(b) APPLICABLE PERCENTAGE.—For purposes of
4 this section—

5 “(1) IN GENERAL.—Except as provided in para-
6 graph (2), the applicable percentage is 50 percent.

7 “(2) PHASEOUT.—The percentage under para-
8 graph (1) shall be reduced (but not below zero) by
9 the number of percentage points which bears the
10 same ratio to 50 percentage points as—

11 “(A) the excess of—

12 “(i) the taxpayer’s modified adjusted
13 gross income for such taxable year, over

14 “(ii) the applicable dollar amount,
15 bears to

16 “(B) the phaseout range.

17 If any reduction determined under this paragraph is
18 not a whole percentage point, such reduction shall be
19 rounded to the next lowest whole percentage point.

20 “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT
21 RANGE.—

22 “(A) JOINT RETURNS AND SURVIVING
23 SPOUSES.—Except as provided in subparagraph

24 (B)—

1 “(i) the applicable dollar amount is
2 \$41,000, and

3 “(ii) the phaseout range is \$30,000.

4 “(B) OTHER RETURNS.—In the case of—

5 “(i) a head of a household (as defined
6 in section 2(b)), the applicable dollar
7 amount and the phaseout range shall be $\frac{3}{4}$
8 of the amounts applicable under subpara-
9 graph (A) (as adjusted under subsection
10 (h)), and

11 “(ii) any taxpayer who is not filing a
12 joint return, who is not a head of a house-
13 hold (as so defined), and who is not a sur-
14 viving spouse (as defined in section 2(a)),
15 the applicable dollar amount and the
16 phaseout range shall be $\frac{1}{2}$ of the amounts
17 applicable under subparagraph (A) (as so
18 adjusted).

19 “(c) ELIGIBLE INDIVIDUAL.—For purposes of this
20 section—

21 “(1) IN GENERAL.—The term ‘eligible indi-
22 vidual’ means any individual if such individual has
23 attained the age of 18 as of the close of the taxable
24 year.

1 “(2) DEPENDENTS AND FULL-TIME STUDENTS
2 NOT ELIGIBLE.—The term ‘eligible individual’ shall
3 not include—

4 “(A) any individual with respect to whom
5 a deduction under section 151 is allowed to an-
6 other taxpayer for a taxable year beginning in
7 the calendar year in which such individual’s
8 taxable year begins, and

9 “(B) any individual who is a student (as
10 defined in section 152(f)(2)).

11 “(3) NONRESIDENT ALIENS NOT ELIGIBLE.—
12 The term ‘eligible individual’ shall not include any
13 individual who is a nonresident alien individual for
14 any portion of the taxable year unless such indi-
15 vidual is treated for such taxable year as a resident
16 of the United States for purposes of chapter 1 by
17 reason of an election under subsection (g) or (h) of
18 section 6013.

19 “(d) QUALIFIED RETIREMENT SAVINGS CONTRIBU-
20 TIONS.—For purposes of this section—

21 “(1) IN GENERAL.—The term ‘qualified retire-
22 ment savings contributions’ means, with respect to
23 any taxable year, the sum of—

1 “(A) the amount of the qualified retire-
2 ment contributions (as defined in section
3 219(e)) made by the eligible individual,

4 “(B) the amount of—

5 “(i) any elective deferrals (as defined
6 in section 402(g)(3)) of such individual,
7 and

8 “(ii) any elective deferral of com-
9 pensation by such individual under an eli-
10 gible deferred compensation plan (as de-
11 fined in section 457(b)) of an eligible em-
12 ployer described in section 457(e)(1)(A),
13 and

14 “(C) the amount of voluntary employee
15 contributions by such individual to any qualified
16 retirement plan (as defined in section 4974(c)).

17 Such term shall not include any amount attributable
18 to a payment under subsection (a)(2).

19 “(2) REDUCTION FOR CERTAIN DISTRIBU-
20 TIONS.—

21 “(A) IN GENERAL.—The qualified retire-
22 ment savings contributions determined under
23 paragraph (1) for a taxable year shall be re-
24 duced (but not below zero) by the aggregate
25 distributions received by the individual during

1 the testing period from any entity of a type to
2 which contributions under paragraph (1) may
3 be made.

4 “(B) TESTING PERIOD.—For purposes of
5 subparagraph (A), the testing period, with re-
6 spect to a taxable year, is the period which in-
7 cludes—

8 “(i) such taxable year,

9 “(ii) the 2 preceding taxable years,

10 and

11 “(iii) the period after such taxable
12 year and before the due date (including ex-
13 tensions) for filing the return of tax for
14 such taxable year.

15 “(C) EXCEPTED DISTRIBUTIONS.—There
16 shall not be taken into account under subpara-
17 graph (A)—

18 “(i) any distribution referred to in
19 section 72(p), 401(k)(8), 401(m)(6),
20 402(g)(2), 404(k), or 408(d)(4),

21 “(ii) any distribution to which section
22 408(d)(3) or 408A(d)(3) applies, and

23 “(iii) any portion of a distribution if
24 such portion is transferred or paid in a
25 rollover contribution (as defined in section

1 402(c), 403(a)(4), 403(b)(8), 408A(e), or
2 457(e)(16)) to an account or plan to which
3 qualified retirement savings contributions
4 can be made.

5 “(D) TREATMENT OF DISTRIBUTIONS RE-
6 CEIVED BY SPOUSE OF INDIVIDUAL.—For pur-
7 poses of determining distributions received by
8 an individual under subparagraph (A) for any
9 taxable year, any distribution received by the
10 spouse of such individual shall be treated as re-
11 ceived by such individual if such individual and
12 spouse file a joint return for such taxable year
13 and for the taxable year during which the
14 spouse receives the distribution.

15 “(e) APPLICABLE RETIREMENT SAVINGS VEHI-
16 CLE.—

17 “(1) IN GENERAL.—The term ‘applicable retire-
18 ment savings vehicle’ means an account or plan
19 elected by the eligible individual under paragraph
20 (2).

21 “(2) ELECTION.—Any such election to have
22 contributed the amount determined under subsection
23 (a) shall be to an account or plan which—

24 “(A) is—

1 “(i) the portion of a plan described in
2 clause (iii), (iv), (v), or (vi) of section
3 402(e)(8)(B) which does not consist of a
4 qualified Roth contribution program (as
5 defined in section 402A(b)), or

6 “(ii) an individual retirement plan
7 which is not a Roth IRA,

8 “(B) is for the benefit of the eligible indi-
9 vidual,

10 “(C) accepts contributions made under this
11 section, and

12 “(D) is designated by such individual (in
13 such form and manner as the Secretary may
14 provide).

15 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—

16 “(1) MODIFIED ADJUSTED GROSS INCOME.—

17 For purposes of this section, the term ‘modified ad-
18 justed gross income’ means adjusted gross income—

19 “(A) determined without regard to sections
20 911, 931, and 933, and

21 “(B) determined without regard to any ex-
22 clusion or deduction allowed for any qualified
23 retirement savings contribution made during
24 the taxable year.

1 “(2) TREATMENT OF CONTRIBUTIONS.—In the
2 case of any contribution under subsection (a)(2)—

3 “(A) except as otherwise provided in this
4 section or by the Secretary under regulations,
5 such contribution shall be treated as—

6 “(i) an elective deferral made by the
7 individual, if contributed to an applicable
8 retirement savings vehicle described in sub-
9 section (e)(2)(A)(i), or

10 “(ii) as an individual retirement plan
11 contribution made by such individual, if
12 contributed to such a plan, and

13 “(B) such contribution shall not be taken
14 into account with respect to any applicable limi-
15 tation under sections 402(g)(1), 403(b),
16 408(a)(1), 408(b)(2)(B), 408A(c)(2), 414(v)(2),
17 415(c), or 457(b)(2), and shall be disregarded
18 for purposes of sections 401(a)(4), 401(k)(3),
19 401(k)(11)(B)(i)(III), and 416.

20 “(3) TREATMENT OF QUALIFIED PLANS, ETC.—

21 A plan or arrangement to which a contribution is
22 made under this section shall not be treated as vio-
23 lating any requirement under section 401, 403, 408,
24 or 457 solely by reason of accepting such contribu-
25 tion.

1 “(4) ERRONEOUS CREDITS.—

2 “(A) IN GENERAL.—If any contribution is
3 erroneously paid under subsection (a)(2), in-
4 cluding a payment that is not made to an appli-
5 cable retirement savings vehicle, the amount of
6 such erroneous payment shall be treated as an
7 underpayment of tax (other than for purposes
8 of part II of subchapter A of chapter 68) for
9 the taxable year in which the Secretary deter-
10 mines the payment is erroneous.

11 “(B) DISTRIBUTION OF ERRONEOUS CRED-
12 ITS.—In the case of a contribution to which
13 subparagraph (A) applies—

14 “(i) section 402(a), 403(a)(1),
15 403(b)(1), 408(d)(1), or 457(a)(1), which-
16 ever is applicable, shall not apply to any
17 distribution of such contribution, and sec-
18 tion 72(t) shall not apply to the distribu-
19 tion of such contribution or any income at-
20 tributable thereto, if such distribution is
21 received not later than the day prescribed
22 by law (including extensions of time) for
23 filing the individual’s return for such tax-
24 able year, and

1 “(ii) any plan or arrangement from
2 which such a distribution is made under
3 this subparagraph shall not be treated as
4 violating any requirement under section
5 401, 403, or 457 solely by reason of mak-
6 ing such distribution.

7 “(5) EXCEPTION FROM REDUCTION OR OFF-
8 SET.—Any payment made to any individual under
9 this section shall not be—

10 “(A) subject to reduction or offset pursu-
11 ant to subsection (c), (d), (e), or (f) of section
12 6402 or any similar authority permitting offset,
13 or

14 “(B) reduced or offset by other assessed
15 Federal taxes that would otherwise be subject
16 to levy or collection.

17 “(g) PROVISION BY SECRETARY OF INFORMATION
18 RELATING TO CONTRIBUTIONS.—In the case of an
19 amount elected by an eligible individual to be contributed
20 to an account or plan under subsection (e)(2), the Sec-
21 retary shall provide general guidance applicable to the cus-
22 todian of the account or the plan sponsor, as the case may
23 be, detailing the treatment of such contribution under sub-
24 section (f)(2) and the reporting requirements with respect
25 to such contribution under section 6058, particularly as

1 such requirements are modified pursuant to section
2 102(c)(2) of the Enhancing American Retirement Now
3 Act.

4 “(h) INFLATION ADJUSTMENTS.—

5 “(1) IN GENERAL.—In the case of any taxable
6 year beginning in a calendar year after 2027, the
7 \$41,000 amount in subsection (b)(3)(A)(i) shall be
8 increased by an amount equal to—

9 “(A) such dollar amount, multiplied by

10 “(B) the cost-of-living adjustment deter-
11 mined under section 1(f)(3) for the calendar
12 year in which the taxable year begins, deter-
13 mined by substituting ‘calendar year 2026’ for
14 ‘calendar year 2016’ in subparagraph (A)(ii)
15 thereof.

16 “(2) ROUNDING.—Any increase determined
17 under paragraph (1) shall be rounded to the nearest
18 multiple of \$1,000.”.

19 (b) TREATMENT OF CERTAIN POSSESSIONS.—

20 (1) PAYMENTS TO POSSESSIONS WITH MIRROR
21 CODE TAX SYSTEMS.—The Secretary of the Treas-
22 ury shall pay to each possession of the United States
23 which has a mirror code tax system amounts equal
24 to the loss (if any) to that possession by reason of
25 the amendments made by this section. Such

1 amounts shall be determined by the Secretary of the
2 Treasury based on information provided by the gov-
3 ernment of the respective possession.

4 (2) PAYMENTS TO OTHER POSSESSIONS.—The
5 Secretary of the Treasury shall pay to each posses-
6 sion of the United States which does not have a mir-
7 ror code tax system amounts estimated by the Sec-
8 retary of the Treasury as being equal to the aggre-
9 gate benefits (if any) that would have been provided
10 to residents of such possession by reason of the
11 amendments made by this section if a mirror code
12 tax system had been in effect in such possession.
13 The preceding sentence shall not apply unless the re-
14 spective possession has a plan, which has been ap-
15 proved by the Secretary of the Treasury, under
16 which such possession will promptly distribute such
17 payments to its residents.

18 (3) COORDINATION WITH CREDIT ALLOWED
19 AGAINST UNITED STATES INCOME TAXES.—No cred-
20 it shall be allowed against United States income
21 taxes under section 6433 of the Internal Revenue
22 Code of 1986 (as added by this section) to any per-
23 son—

1 (A) to whom a credit is allowed against
2 taxes imposed by the possession by reason of
3 the amendments made by this section, or

4 (B) who is eligible for a payment under a
5 plan described in paragraph (2).

6 (4) MIRROR CODE TAX SYSTEM.—For purposes
7 of this subsection, the term “mirror code tax sys-
8 tem” means, with respect to any possession of the
9 United States, the income tax system of such posses-
10 sion if the income tax liability of the residents of
11 such possession under such system is determined by
12 reference to the income tax laws of the United
13 States as if such possession were the United States.

14 (5) TREATMENT OF PAYMENTS.—For purposes
15 of section 1324 of title 31, United States Code, the
16 payments under this subsection shall be treated in
17 the same manner as a refund due from a credit pro-
18 vision referred to in subsection (b)(2) of such sec-
19 tion.

20 (c) ADMINISTRATIVE PROVISIONS.—

21 (1) DEFICIENCIES.—Section 6211(b)(4) is
22 amended by striking “and 7527A” and inserting
23 “7527A, and 6433”.

24 (2) REPORTING.—The Secretary of the Treas-
25 ury shall amend the forms relating to reports re-

1 quired under section 6058 of the Internal Revenue
2 Code of 1986 to require—

3 (A) separate reporting of the aggregate
4 amount of contributions received by the plan
5 during the year under section 6433 of the In-
6 ternal Revenue Code of 1986 (as added by this
7 section), and

8 (B) similar reporting with respect to indi-
9 vidual retirement accounts (as defined in sec-
10 tion 408 of such Code) and individual retire-
11 ment annuities (as defined in section 408(b) of
12 such Code).

13 (d) PAYMENT AUTHORITY.—Section 1324(b)(2) of
14 title 31, United States Code, is amended by striking “or
15 7527A” and inserting “7527A, or 6433”.

16 (e) CONFORMING AMENDMENTS.—

17 (1) Paragraph (1) of section 25B(d) is amend-
18 ed by striking “the sum of—” and all that follows
19 through “the amount of contributions made before
20 January 1, 2026” and inserting “the amount of con-
21 tributions made before January 1, 2026”.

22 (2) The table of sections for subchapter B of
23 chapter 65 is amended by adding at the end the fol-
24 lowing new item:

“Sec. 6433. Matching payments for elective deferral and IRA contributions by
certain individuals.”.

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2026.

4 **SEC. 103. MODIFICATION OF PARTICIPATION REQUIRE-**
5 **MENTS FOR LONG-TERM, PART-TIME WORK-**
6 **ERS.**

7 (a) PARTICIPATION REQUIREMENT.—Clause (ii) of
8 section 401(k)(2)(D) is amended by striking “3 consecu-
9 tive” and inserting “2 consecutive”.

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

15 (c) COORDINATION WITH RULES FOR TOP-HEAVY
16 PLANS.—Subparagraph (H) of section 416(g)(4), as
17 amended by this Act, is further amended by inserting be-
18 fore “If, but” the following: “Such term shall not include
19 a plan solely because such plan does not provide matching
20 contributions to employees described in section
21 401(k)(15)(B)(i).”.

22 (d) EFFECTIVE DATES.—

23 (1) IN GENERAL.—The amendment made by
24 subsection (a) shall apply to plan years beginning
25 after December 31, 2022.

1 (2) PRE-2021 SERVICE AND TOP-HEAVY
2 RULES.—The amendments made by subsections (b)
3 and (c) shall take effect as if included in the enact-
4 ment of section 112 of the Setting Every Commu-
5 nity Up for Retirement Enhancement Act of 2019.

6 **SEC. 104. TREATMENT OF STUDENT LOAN PAYMENTS AS**
7 **ELECTIVE DEFERRALS FOR PURPOSES OF**
8 **MATCHING CONTRIBUTIONS.**

9 (a) IN GENERAL.—Subparagraph (A) of section
10 401(m)(4) is amended by striking “and” at the end of
11 clause (i), by striking the period at the end of clause (ii)
12 and inserting “, and”, and by adding at the end the fol-
13 lowing new clause:

14 “(iii) subject to the requirements of
15 paragraph (14), any employer contribution
16 made to a defined contribution plan on be-
17 half of an employee on account of a quali-
18 fied student loan payment.”.

19 (b) QUALIFIED STUDENT LOAN PAYMENT.—Para-
20 graph (4) of section 401(m) is amended by adding at the
21 end the following new subparagraph:

22 “(D) QUALIFIED STUDENT LOAN PAY-
23 MENT.—The term ‘qualified student loan pay-
24 ment’ means a payment made by an employee
25 in repayment of a qualified education loan (as

1 defined in section 221(d)(1)) incurred by the
2 employee to pay qualified higher education ex-
3 penses, but only—

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

7 “(I) the limitation applicable
8 under section 402(g) for the year (or,
9 if lesser, the employee’s compensation
10 (as defined in section 415(c)(3)) for
11 the year), reduced by

12 “(II) the elective deferrals made
13 by the employee for such year, and

14 “(ii) if the employee certifies annually
15 to the employer making the matching con-
16 tribution under this paragraph that such
17 payment has been made on such loan.

18 For purposes of this subparagraph, the term
19 ‘qualified higher education expenses’ means the
20 cost of attendance (as defined in section 472 of
21 the Higher Education Act of 1965, as in effect
22 on the day before the date of the enactment of
23 the Taxpayer Relief Act of 1997) at an eligible
24 educational institution (as defined in section
25 221(d)(2)).”.

1 (c) MATCHING CONTRIBUTIONS FOR QUALIFIED
2 STUDENT LOAN PAYMENTS.—Subsection (m) of section
3 401, as amended by this Act, is further amended by redес-
4 ignating paragraph (14) as paragraph (15), and by insert-
5 ing after paragraph (13) the following new paragraph:

6 “(14) MATCHING CONTRIBUTIONS FOR QUALI-
7 FIED STUDENT LOAN PAYMENTS.—

8 “(A) IN GENERAL.—For purposes of para-
9 graph (4)(A)(iii), an employer contribution
10 made to a defined contribution plan on account
11 of a qualified student loan payment shall be
12 treated as a matching contribution for purposes
13 of this title if—

14 “(i) the plan provides matching con-
15 tributions on account of elective deferrals
16 at the same rate as contributions on ac-
17 count of qualified student loan payments,

18 “(ii) the plan provides matching con-
19 tributions on account of qualified student
20 loan payments only on behalf of employees
21 otherwise eligible to receive matching con-
22 tributions on account of elective deferrals,

23 “(iii) under the plan, all employees el-
24 igible to receive matching contributions on
25 account of elective deferrals are eligible to

1 receive matching contributions on account
2 of qualified student loan payments, and

3 “(iv) the plan provides that matching
4 contributions on account of qualified stu-
5 dent loan payments vest in the same man-
6 ner as matching contributions on account
7 of elective deferrals.

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

10 “(i) NONDISCRIMINATION RULES.—
11 For purposes of subparagraph (A)(iii),
12 subsection (a)(4), and section 410(b),
13 matching contributions described in para-
14 graph (4)(A)(iii) shall not fail to be treated
15 as available to an employee solely because
16 such employee does not have debt incurred
17 under a qualified education loan (as de-
18 fined in section 221(d)(1)).

19 “(ii) STUDENT LOAN PAYMENTS NOT
20 TREATED AS PLAN CONTRIBUTION.—Ex-
21 cept as provided in clause (iii), a qualified
22 student loan payment shall not be treated
23 as a contribution to a plan under this title.

24 “(iii) MATCHING CONTRIBUTION
25 RULES.—Solely for purposes of meeting

1 the requirements of paragraph (11)(B),
2 (12), or (13) of this subsection, or para-
3 graph (11)(B)(i)(II), (12)(B), (13)(D), or
4 (16)(D) of subsection (k), a plan may treat
5 a qualified student loan payment as an
6 elective deferral or an elective contribution,
7 whichever is applicable.

8 “(iv) ACTUAL DEFERRAL PERCENT-
9 AGE TESTING.—In determining whether a
10 plan meets the requirements of subsection
11 (k)(3)(A)(ii) for a plan year, the plan may
12 apply the requirements of such subsection
13 separately with respect to all employees
14 who receive matching contributions de-
15 scribed in paragraph (4)(A)(iii) for the
16 plan year.

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

21 (d) SIMPLE RETIREMENT ACCOUNTS.—Paragraph
22 (2) of section 408(p) is amended by adding at the end
23 the following new subparagraph:

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

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

11 “(I) the applicable dollar amount
12 under subparagraph (E) (after appli-
13 cation of section 414(v)) for the year
14 (or, if lesser, the employee’s com-
15 pensation (as defined in section
16 415(c)(3)) for the year), reduced by

17 “(II) any other amounts elected
18 by the employee under subparagraph
19 (A)(i)(I) for the year.

20 “(ii) QUALIFIED STUDENT LOAN PAY-
21 MENT.—For purposes of this subpara-
22 graph—

23 “(I) IN GENERAL.—The term
24 ‘qualified student loan payment’
25 means a payment made by an em-

1 ployee in repayment of a qualified
2 education loan (as defined in section
3 221(d)(1)) incurred by the employee
4 to pay qualified higher education ex-
5 penses, but only if the employee cer-
6 tifies to the employer making the
7 matching contribution that such pay-
8 ment has been made on such a loan.

9 “(II) QUALIFIED HIGHER EDU-
10 CATION EXPENSES.—The term ‘quali-
11 fied higher education expenses’ has
12 the same meaning as when used in
13 section 401(m)(4)(D).

14 “(iii) APPLICABLE RULES.—Clause (i)
15 shall apply to an arrangement only if,
16 under the arrangement—

17 “(I) matching contributions on
18 account of qualified student loan pay-
19 ments are provided only on behalf of
20 employees otherwise eligible to elect
21 contributions under subparagraph
22 (A)(i)(I), and

23 “(II) all employees otherwise eli-
24 gible to participate in the arrange-
25 ment are eligible to receive matching

1 contributions on account of qualified
2 student loan payments.”.

3 (e) 403(b) PLANS.—Subparagraph (A) of section
4 403(b)(12) is amended by adding at the end the following:
5 “The fact that the employer offers matching contributions
6 on account of qualified student loan payments as described
7 in section 401(m)(14) shall not be taken into account in
8 determining whether the arrangement satisfies the re-
9 quirements of clause (ii) (and any regulation there-
10 under).”.

11 (f) 457(b) PLANS.—Subsection (b) of section 457 is
12 amended by adding at the end the following: “A plan
13 which is established and maintained by an employer which
14 is described in subsection (e)(1)(A) shall not be treated
15 as failing to meet the requirements of this subsection sole-
16 ly because the plan, or another plan maintained by the
17 employer which meets the requirements of section 401(a)
18 or 403(b), provides for matching contributions on account
19 of qualified student loan payments as described in section
20 401(m)(14).”.

21 (g) REGULATORY AUTHORITY.—The Secretary of the
22 Treasury (or such Secretary’s delegate) shall prescribe
23 regulations for purposes of implementing the amendments
24 made by this section, including regulations—

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

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

15 (3) promulgating model amendments which
16 plans may adopt to implement matching contribu-
17 tions on such qualified student loan payments for
18 purposes of sections 401(m), 408(p), 403(b), and
19 457(b) of the Internal Revenue Code of 1986.

20 (h) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to contributions made for plan
22 years beginning after December 31, 2023.

1 **SEC. 105. WITHDRAWALS FOR CERTAIN EMERGENCY EX-**
2 **PENSES.**

3 (a) IN GENERAL.—Paragraph (2) of section 72(t) is
4 amended by adding at the end the following new subpara-
5 graph:

6 “(I) DISTRIBUTIONS FOR CERTAIN EMER-
7 GENCY EXPENSES.—

8 “(i) IN GENERAL.—Any emergency
9 personal expense distribution.

10 “(ii) ANNUAL LIMITATION.—Not more
11 than 1 distribution per calendar year may
12 be treated as an emergency personal ex-
13 pense distribution by any individual.

14 “(iii) DOLLAR LIMITATION.—The
15 amount which may be treated as an emer-
16 gency personal expense distribution by any
17 individual in any calendar year shall not
18 exceed the lesser of \$1,000 or an amount
19 equal to the excess of—

20 “(I) the individual’s total non-
21 forfeitable accrued benefit under the
22 plan (the individual’s total interest in
23 the plan in the case of an individual
24 retirement plan), determined as of the
25 date of each such distribution, over

26 “(II) \$1,000.

1 “(iv) EMERGENCY PERSONAL EX-
2 PENSE DISTRIBUTION.—For purposes of
3 this subparagraph, the term ‘emergency
4 personal expense distribution’ means any
5 distribution from an applicable eligible re-
6 tirement plan (as defined in subparagraph
7 (H)(vi)(I)) to an individual for purposes of
8 meeting unforeseeable or immediate finan-
9 cial needs relating to necessary personal or
10 family emergency expenses. The adminis-
11 trator of an applicable eligible retirement
12 plan may rely on an employee’s certifi-
13 cation that the employee satisfies the con-
14 ditions of the preceding sentence in deter-
15 mining whether any distribution is an
16 emergency personal expense distribution.
17 The Secretary may provide by regulations
18 for exceptions to the rule of the preceding
19 sentence in cases where the plan adminis-
20 trator has actual knowledge to the con-
21 trary of the employee’s certification, and
22 for procedures for addressing cases of em-
23 ployee misrepresentation.

24 “(v) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual
25

1 would (without regard to clause (ii) or
2 (iii)) be an emergency personal expense
3 distribution, a plan shall not be treated as
4 failing to meet any requirement of this
5 title merely because the plan treats the dis-
6 tribution as an emergency personal ex-
7 pense distribution, unless the number or
8 the aggregate amount of such distributions
9 from all plans maintained by the employer
10 (and any member of any controlled group
11 which includes the employer, determined as
12 provided in subparagraph (H)(iv)(II)) to
13 such individual exceeds the limitation de-
14 termined under clause (ii) or (iii).

15 “(vi) AMOUNT DISTRIBUTED MAY BE
16 REPAID.—

17 “(I) IN GENERAL.—Any indi-
18 vidual who receives an emergency per-
19 sonal expense distribution may, at any
20 time during the 3-year period begin-
21 ning on the day after the date on
22 which such distribution was received,
23 make one or more contributions in an
24 aggregate amount not to exceed the
25 amount of such distribution to an ap-

1 applicable eligible retirement plan of
2 which such individual is a beneficiary
3 and to which a rollover contribution of
4 such distribution could be made under
5 section 402(c), 403(a)(4), 403(b)(8),
6 408(d)(3), or 457(e)(16), as the case
7 may be.

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

1 described in subclause (I)) to such ap-
2 plicable eligible retirement plan.

3 “(III) TREATMENT OF REPAY-
4 MENTS OF DISTRIBUTIONS FROM AP-
5 PPLICABLE ELIGIBLE RETIREMENT
6 PLANS OTHER THAN IRAS.—If a con-
7 tribution is made under subclause (I)
8 with respect to an emergency personal
9 expense distribution from an applica-
10 ble eligible retirement plan other than
11 an individual retirement plan, then
12 the taxpayer shall, to the extent of the
13 amount of the contribution, be treated
14 as having received such distribution in
15 an eligible rollover distribution (as de-
16 fined in section 402(c)(4)) and as
17 having transferred the amount to the
18 applicable eligible retirement plan in a
19 direct trustee to trustee transfer with-
20 in 60 days of the distribution.

21 “(IV) TREATMENT OF REPAY-
22 MENTS FOR DISTRIBUTIONS FROM
23 IRAS.—If a contribution is made
24 under subclause (I) with respect to an
25 emergency personal expense distribu-

1 individual retirement plan) subsequent
2 to such previous distribution is at
3 least equal to the amount of such pre-
4 vious distribution which has not been
5 so repaid.

6 “(viii) SPECIAL RULES.—Rules simi-
7 lar to the rules of subclauses (II) and (IV)
8 of subparagraph (H)(vi) shall apply to any
9 emergency personal expense distribution.”.

10 (b) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to distributions made after Decem-
12 ber 31, 2023.

13 **SEC. 106. ALLOW ADDITIONAL NONELECTIVE CONTRIBU-**
14 **TIONS TO SIMPLE PLANS.**

15 (a) IN GENERAL.—

16 (1) MODIFICATION TO DEFINITION.—Subpara-
17 graph (A) of section 408(p)(2) is amended by strik-
18 ing “and” at the end of clause (iii), by redesignating
19 clause (iv) as clause (v), and by inserting after
20 clause (iii) the following new clause:

21 “(iv) the employer may make nonelec-
22 tive contributions—

23 “(I) of a uniform percentage (up
24 to 10 percent) of compensation, and

25 “(II) not to exceed \$5,000,

1 for each employee who is eligible to partici-
2 pate in the arrangement and who has at
3 least \$5,000 of compensation from the em-
4 ployer for the year, and”.

5 (2) LIMITATION.—Subparagraph (A) of section
6 408(p)(2) is amended by adding at the end the fol-
7 lowing: “The compensation taken into account under
8 clause (iv) for any year shall not exceed the limita-
9 tion in effect for such year under section
10 401(a)(17).”.

11 (3) OVERALL DOLLAR LIMIT ON CONTRIBU-
12 TIONS.—Paragraph (8) of section 408(p) is amended
13 to read as follows:

14 “(8) COORDINATION WITH MAXIMUM LIMITA-
15 TION.—In the case of any simple retirement ac-
16 count—

17 “(A) subsection (a)(1) shall be applied by
18 substituting for ‘the amount in effect for such
19 taxable year under section 219(b)(1)(A)’ the
20 following: ‘the sum of the dollar amount in ef-
21 fect under subsection (p)(2)(A)(ii), the em-
22 ployer contribution required under subsection
23 (p)(2)(A)(iii) or (p)(2)(B)(i), whichever is appli-
24 cable, and a contribution which meets the re-

1 or”, and by adding at the end the following new para-
2 graph:

3 “(24) the provision of a de minimis financial in-
4 centive described in section 401(k)(4)(A) or
5 403(b)(12)(A).”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply with respect to plan years begin-
8 ning after the date of the enactment of this Act.

9 **SEC. 108. INDEXING IRA CATCH-UP LIMIT.**

10 (a) IN GENERAL.—Subparagraph (C) of section
11 219(b)(5) is amended by adding at the end the following
12 new clause:

13 “(iii) INDEXING OF CATCH-UP LIMITA-
14 TION.—In the case of any taxable year be-
15 ginning in a calendar year after 2022, the
16 \$1,000 amount under subparagraph (B)(ii)
17 shall be increased by an amount equal to—

18 “(I) such dollar amount, multi-
19 plied by

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

1 endar year 2016’ in subparagraph
2 (A)(ii) thereof.

3 If any amount after adjustment under the
4 preceding sentence is not a multiple of
5 \$100, such amount shall be rounded to the
6 next lower multiple of \$100.”.

7 (b) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to taxable years beginning after
9 the date of the enactment of this Act.

10 **SEC. 109. HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60, 61,**
11 **62, AND 63.**

12 (a) IN GENERAL.—

13 (1) PLANS OTHER THAN SIMPLE PLANS.—Sec-
14 tion 414(v)(2)(B)(i) is amended by inserting the fol-
15 lowing before the period: “(\$10,000, in the case of
16 an eligible participant who would attain age 60 but
17 would not attain age 64 before the close of the tax-
18 able year)”.

19 (2) SIMPLE PLANS.—Section 414(v)(2)(B)(ii) is
20 amended by inserting the following before the pe-
21 riod: “(\$5,000, in the case of an eligible participant
22 who would attain age 60 but would not attain age
23 64 before the close of the taxable year)”.

24 (b) COST-OF-LIVING ADJUSTMENTS.—Subparagraph
25 (C) of section 414(v)(2) is amended by adding at the end

1 the following: “In the case of a year beginning after De-
2 cember 31, 2025, the Secretary shall adjust annually the
3 \$10,000 amount in subparagraph (B)(i) and the \$5,000
4 amount in subparagraph (B)(ii) for increases in the cost-
5 of-living at the same time and in the same manner as ad-
6 justments under the preceding sentence; except that the
7 base period taken into account shall be the calendar quar-
8 ter beginning July 1, 2024.”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2024.

12 **SEC. 110. ELIMINATE THE “FIRST DAY OF THE MONTH” RE-**
13 **QUIREMENT FOR GOVERNMENTAL SECTION**
14 **457(b) PLANS.**

15 (a) IN GENERAL.—Section 457(b)(4) is amended to
16 read as follows:

17 “(4) which provides that compensation—

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

23 “(B) in any other case, will be deferred for
24 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. 111. TAX TREATMENT OF CERTAIN NONTRADE OR**
7 **BUSINESS SEP CONTRIBUTIONS.**

8 (a) **IN GENERAL.**—Subparagraph (B) of section
9 4972(c)(6) is amended—

10 (1) by striking “408(p) or” and inserting
11 “408(p),”; and

12 (2) by inserting “, or a simplified employee pen-
13 sion (within the meaning of section 408(k))” after
14 “401(k)(11)”.

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

18 **SEC. 112. ELIMINATION OF ADDITIONAL TAX ON CORREC-**
19 **TIVE DISTRIBUTIONS OF EXCESS CONTRIBU-**
20 **TIONS.**

21 (a) **IN GENERAL.**—Subparagraph (A) of section
22 72(t)(2) is amended—

23 (1) by striking “or” at the end of clause (vii);

24 (2) by striking the period at the end of clause
25 (viii) and inserting “, or”; and

1 (3) by inserting after clause (viii) the following
2 new clause:

3 “(ix) attributable to withdrawal of net
4 income attributable to a contribution which
5 is distributed pursuant to section
6 408(d)(4).”.

7 (b) **EFFECTIVE DATE.**—The amendments made by
8 this section shall apply to any determination of, or affect-
9 ing, liability for taxes, interest, or penalties which is made
10 on or after the date of the enactment of this Act, without
11 regard to whether the act (or failure to act) upon which
12 the determination is based occurred before such date of
13 enactment. Notwithstanding the preceding sentence, noth-
14 ing in the amendments made by this section shall be con-
15 strued to create an inference with respect to the law in
16 effect prior to the effective date of such amendments.

17 **SEC. 113. EMPLOYER MAY RELY ON EMPLOYEE CERTI-**
18 **FYING THAT DEEMED HARDSHIP DISTRIBUTI-**
19 **ON CONDITIONS ARE MET.**

20 (a) **CASH OR DEFERRED ARRANGEMENTS.**—Section
21 401(k)(14) is amended by adding at the end the following
22 new subparagraph:

23 “(C) **EMPLOYEE CERTIFICATION.**—In de-
24 termining whether a distribution is upon the
25 hardship of an employee, the administrator of

1 the plan may rely on a written certification by
2 the employee that the distribution is—

3 “(i) on account of a financial need of
4 a type which is deemed in regulations pre-
5 scribed by the Secretary to be an imme-
6 diate and heavy financial need, and

7 “(ii) not in excess of the amount re-
8 quired to satisfy such financial need, and
9 that the employee has no alternative means rea-
10 sonably available to satisfy such financial need.
11 The Secretary may provide by regulations for
12 exceptions to the rule of the preceding sentence
13 in cases where the plan administrator has ac-
14 tual knowledge to the contrary of the employ-
15 ee’s certification, and for procedures for ad-
16 dressing cases of employee misrepresentation.”.

17 (b) 403(b) PLANS.—

18 (1) CUSTODIAL ACCOUNTS.—Section 403(b)(7)
19 is amended by adding at the end the following new
20 subparagraph:

21 “(D) EMPLOYEE CERTIFICATION.—In de-
22 termining whether a distribution is upon the fi-
23 nancial hardship of an employee, the adminis-
24 trator of the plan may rely on a written certifi-

1 cation by the employee that the distribution
2 is—

3 “(i) on account of a financial need of
4 a type which is deemed in regulations pre-
5 scribed by the Secretary to be an imme-
6 diate and heavy financial need, and

7 “(ii) not in excess of the amount re-
8 quired to satisfy such financial need, and
9 that the employee has no alternative means rea-
10 sonably available to satisfy such financial need.
11 The Secretary may provide by regulations for
12 exceptions to the rule of the preceding sentence
13 in cases where the plan administrator has ac-
14 tual knowledge to the contrary of the employ-
15 ee’s certification, and for procedures for ad-
16 dressing cases of employee misrepresentation.”.

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

1 to satisfy such financial need, and that the employee
2 has no alternative means reasonably available to sat-
3 isfy such financial need. The Secretary may provide
4 by regulations for exceptions to the rule of the pre-
5 ceding sentence in cases where the plan adminis-
6 trator has actual knowledge to the contrary of the
7 employee's certification, and for procedures for ad-
8 dressing cases of employee misrepresentation.”.

9 (c) 457(b) PLAN.—Section 457(d) is amended by
10 adding at the end the following new paragraph:

11 “(4) PARTICIPANT CERTIFICATION.—In deter-
12 mining whether a distribution to a participant is
13 made when the participant is faced with an unfore-
14 seeable emergency, the administrator of a plan
15 maintained by an eligible employer described in sub-
16 section (e)(1)(A) may rely on a written certification
17 by the participant that the distribution is—

18 “(A) made when the participant is faced
19 with an unforeseeable emergency of a type
20 which is described in regulations prescribed by
21 the Secretary as an unforeseeable emergency,
22 and

23 “(B) not in excess of the amount required
24 to satisfy the emergency need, and

1 that the participant has no alternative means rea-
2 sonably available to satisfy such emergency need.
3 The Secretary may provide by regulations for excep-
4 tions to the rule of the preceding sentence in cases
5 where the plan administrator has actual knowledge
6 to the contrary of the participant's certification, and
7 for procedures for addressing cases of participant
8 misrepresentation.”.

9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to plan years beginning after the
11 date of the enactment of this Act.

12 **SEC. 114. PENALTY-FREE WITHDRAWALS FROM RETIRE-**
13 **MENT PLANS FOR INDIVIDUALS IN CASE OF**
14 **DOMESTIC ABUSE.**

15 (a) IN GENERAL.—Paragraph (2) of section 72(t), as
16 amended by this Act, is further amended by adding at the
17 end the following new subparagraph:

18 “(J) DISTRIBUTIONS FROM RETIREMENT
19 PLAN IN CASE OF DOMESTIC ABUSE.—

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

22 “(ii) LIMITATION.—The aggregate
23 amount which may be treated as an eligi-
24 ble distribution to a domestic abuse victim

1 by any individual shall not exceed an
2 amount equal to the lesser of—

3 “(I) \$10,000, or

4 “(II) 50 percent of the present
5 value of the nonforfeitable accrued
6 benefit of the employee under the
7 plan.

8 “(iii) ELIGIBLE DISTRIBUTION TO A
9 DOMESTIC ABUSE VICTIM.—For purposes
10 of this subparagraph—

11 “(I) IN GENERAL.—A distribu-
12 tion shall be treated as an eligible dis-
13 tribution to a domestic abuse victim if
14 such distribution is from an applicable
15 eligible retirement plan and is made
16 to an individual during the 1-year pe-
17 riod beginning on any date on which
18 the individual is a victim of domestic
19 abuse by a spouse or domestic part-
20 ner.

21 “(II) DOMESTIC ABUSE.—The
22 term ‘domestic abuse’ means physical,
23 psychological, sexual, emotional, or
24 economic abuse, including efforts to
25 control, isolate, humiliate, or intimi-

1 date the victim, or to undermine the
2 victim’s ability to reason independ-
3 ently, including by means of abuse of
4 the victim’s child or another family
5 member living in the household.

6 “(iv) TREATMENT OF PLAN DISTRIBUTU-
7 TIONS.—If a distribution to an individual
8 would (without regard to clause (ii)) be an
9 eligible distribution to a domestic abuse
10 victim, a plan shall not be treated as fail-
11 ing to meet any requirement of this title
12 merely because the plan treats the dis-
13 tribution as an eligible distribution to a do-
14 mestic abuse victim, unless the aggregate
15 amount of such distributions from all plans
16 maintained by the employer (and any
17 member of any controlled group which in-
18 cludes the employer, determined as pro-
19 vided in subparagraph (H)(iv)(II)) to such
20 individual exceeds the limitation under
21 clause (ii).

22 “(v) AMOUNT DISTRIBUTED MAY BE
23 REPAID.—

24 “(I) IN GENERAL.—Any indi-
25 vidual who receives a distribution de-

1 scribed in clause (i) may, at any time
2 during the 3-year period beginning on
3 the day after the date on which such
4 distribution was received, make one or
5 more contributions in an aggregate
6 amount not to exceed the amount of
7 such distribution to an applicable eli-
8 gible retirement plan of which such
9 individual is a beneficiary and to
10 which a rollover contribution of such
11 distribution could be made under sec-
12 tion 402(c), 403(a)(4), 403(b)(8),
13 408(d)(3), or 457(e)(16), as the case
14 may be.

15 “(II) LIMITATION ON CONTRIBU-
16 TIONS TO APPLICABLE ELIGIBLE RE-
17 TIREMENT PLANS OTHER THAN
18 IRAs.—The aggregate amount of con-
19 tributions made by an individual
20 under subclause (I) to any applicable
21 eligible retirement plan which is not
22 an individual retirement plan shall not
23 exceed the aggregate amount of eligi-
24 ble distributions to a domestic abuse
25 victim which are made from such plan

1 to such individual. Subclause (I) shall
2 not apply to contributions to any ap-
3 plicable eligible retirement plan which
4 is not an individual retirement plan
5 unless the individual is eligible to
6 make contributions (other than those
7 described in subclause (I)) to such ap-
8 plicable eligible retirement plan.

9 “(III) TREATMENT OF REPAY-
10 MENTS OF DISTRIBUTIONS FROM AP-
11 PPLICABLE ELIGIBLE RETIREMENT
12 PLANS OTHER THAN IRAS.—If a con-
13 tribution is made under subclause (I)
14 with respect to an eligible distribution
15 to a domestic abuse victim from an
16 applicable eligible retirement plan
17 other than an individual retirement
18 plan, then the taxpayer shall, to the
19 extent of the amount of the contribu-
20 tion, be treated as having received
21 such distribution in an eligible rollover
22 distribution (as defined in section
23 402(c)(4)) and as having transferred
24 the amount to the applicable eligible
25 retirement plan in a direct trustee to

1 trustee transfer within 60 days of the
2 distribution.

3 “(IV) TREATMENT OF REPAY-
4 MENTS FOR DISTRIBUTIONS FROM
5 IRAS.—If a contribution is made
6 under subclause (I) with respect to an
7 eligible distribution to a domestic
8 abuse victim from an individual retire-
9 ment plan, then, to the extent of the
10 amount of the contribution, such dis-
11 tribution shall be treated as a dis-
12 tribution described in section
13 408(d)(3) and as having been trans-
14 ferred to the applicable eligible retire-
15 ment plan in a direct trustee to trust-
16 ee transfer within 60 days of the dis-
17 tribution.

18 “(vi) DEFINITION AND SPECIAL
19 RULES.—For purposes of this subpara-
20 graph:

21 “(I) APPLICABLE ELIGIBLE RE-
22 TIREMENT PLAN.—The term ‘applica-
23 ble eligible retirement plan’ means an
24 eligible retirement plan (as defined in
25 section 402(c)(8)(B)) other than a de-

1 fined benefit plan or a plan to which
2 sections 401(a)(11) and 417 apply.

3 “(II) EXEMPTION OF DISTRIBUTIONS FROM TRUSTEE TO TRUSTEE
4 TRANSFER AND WITHHOLDING
5 RULES.—For purposes of sections
6 401(a)(31), 402(f), and 3405, an eli-
7 gible distribution to a domestic abuse
8 victim shall not be treated as an eligi-
9 ble rollover distribution.
10

11 “(III) DISTRIBUTIONS TREATED
12 AS MEETING PLAN DISTRIBUTION RE-
13 QUIREMENTS; SELF-CERTIFICATION.—
14 Any distribution which the employee
15 or participant certifies as being an eli-
16 gible distribution to a domestic abuse
17 victim shall be treated as meeting the
18 requirements of sections
19 401(k)(2)(B)(i), 403(b)(7)(A)(i),
20 403(b)(11), and 457(d)(1)(A).”.

21 (b) EFFECTIVE DATE.—The amendments made by
22 this section shall apply to distributions made after the
23 date of the enactment of this Act.

1 **SEC. 115. 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) is amended by
6 adding at the end the following new paragraph:

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

9 “(A) an employer amends a stock bonus,
10 pension, profit-sharing, or annuity plan to in-
11 crease benefits accrued under the plan effective
12 as of any date during the immediately pre-
13 ceding plan year (other than increasing the
14 amount of matching contributions (as defined
15 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 the taxable year (including
22 extensions thereof) which includes the date de-
23 scribed in subparagraph (A),

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 the
3 date of the enactment of this Act.

4 **SEC. 116. RETROACTIVE FIRST YEAR ELECTIVE DEFER-**
5 **RAIS FOR SOLE PROPRIETORS.**

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

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

21 **SEC. 117. TREASURY GUIDANCE ON ROLLOVERS.**

22 Not later than January 1, 2025, the Secretary of the
23 Treasury or the Secretary’s delegate shall, to simplify,
24 standardize, and facilitate the completion of direct roll-
25 overs from retirement plans and trustee-to-trustee trans-

1 fers from individual retirement plans (as defined in section
2 7701(a)(37) of the Internal Revenue Code of 1986), de-
3 velop and release—

4 (1) sample forms for direct rollovers of eligible
5 rollover distributions from a retirement plan to an-
6 other retirement plan or to an individual retirement
7 plan which—

8 (A) are written in a manner calculated to
9 be understood by the average person, and

10 (B) can be used by both distributing retire-
11 ment plans and receiving retirement plans and
12 individual retirement plans, and

13 (2) sample forms for trustee-to-trustee trans-
14 fers of amounts from an individual retirement plan
15 to another individual retirement plan or to a retire-
16 ment plan which—

17 (A) are written in a manner calculated to
18 be understood by the average person, and

19 (B) can be used by both transferring indi-
20 vidual retirement plans and receiving retirement
21 plans and individual retirement plans.

22 **SEC. 118. EXEMPTION FOR AUTOMATIC PORTABILITY**
23 **TRANSACTIONS.**

24 (a) IN GENERAL.—Section 4975(d), as amended by
25 this Act, is further amended—

1 (1) by striking “or” at the end of paragraph
2 (23),

3 (2) by striking the period at the end of para-
4 graph (24) and inserting “, or”, and

5 (3) by adding at the end the following new
6 paragraph:

7 “(25) the receipt of fees and compensation by
8 the automatic portability provider in connection with
9 an automatic portability transaction.”.

10 (b) DEFINITIONS.—Section 4975(f) is amended by
11 adding at the end the following new paragraph:

12 “(12) RULES RELATING TO AUTOMATIC PORT-
13 ABILITY TRANSACTIONS.—

14 “(A) IN GENERAL.—For purposes of sub-
15 section (d)(25)—

16 “(i) AUTOMATIC PORTABILITY TRANS-
17 ACTION.—An automatic portability trans-
18 action is a transfer of assets made—

19 “(I) from an individual retire-
20 ment plan which is established on be-
21 half of an individual and to which
22 amounts were transferred under sec-
23 tion 401(a)(31)(B)(i),

24 “(II) to an employer-sponsored
25 retirement plan described in clause

1 (iii), (iv), (v), or (vi) of section
2 402(c)(8)(B) (other than a defined
3 benefit plan) in which such individual
4 is an active participant, and

5 “(III) after such individual has
6 been given advance notice of the
7 transfer and has not affirmatively
8 opted out of such transfer.

9 “(ii) AUTOMATIC PORTABILITY PRO-
10 VIDER.—An automatic portability provider
11 is a person that executes transfers de-
12 scribed in clause (i).

13 “(B) CONDITIONS FOR AUTOMATIC PORT-
14 ABILITY TRANSACTIONS.—Subsection (d)(25)
15 shall not apply to an automatic portability
16 transaction unless the following requirements
17 are satisfied:

18 “(i) ACKNOWLEDGMENT OF FIDU-
19 CIARY STATUS.—An automatic portability
20 provider shall acknowledge in writing, at
21 such time and format as specified by the
22 Secretary, that the provider is a fiduciary
23 with respect to the individual retirement
24 plan described in subparagraph (A)(i)(I).

1 “(ii) FEES.—The fees and compensa-
2 tion received by the automatic portability
3 provider in connection with the automatic
4 portability transaction (including any in-
5 crease in such fees or compensation) shall
6 not exceed reasonable compensation and
7 must be fully disclosed to and approved in
8 writing in advance of the transaction by a
9 plan fiduciary of the plan described in sub-
10 paragraph (A)(i)(II) which is independent
11 of the automatic portability provider.

12 “(iii) DATA USAGE.—The automatic
13 portability provider shall not—

14 “(I) market or sell data relating
15 to the individual retirement plan de-
16 scribed in subparagraph (A)(i)(I), or

17 “(II) use such data for any pur-
18 pose other than the administration of
19 automatic portability transactions
20 without the express consent of a plan
21 fiduciary which is independent of the
22 automatic portability provider after
23 full disclosure by such provider of how
24 such data will be used.

1 “(iv) OPEN PARTICIPATION.—The
2 automatic portability provider shall offer
3 automatic portability transactions on the
4 same terms to any plan described in sub-
5 paragraph (A)(i)(II) regardless of whether
6 the provider provides other services for
7 such plan.

8 “(v) PRE-TRANSACTION NOTICE.—At
9 least 30 days in advance of an automatic
10 portability transaction, the automatic port-
11 ability provider shall provide notice to the
12 individual on whose behalf the individual
13 retirement plan described in subparagraph
14 (A)(i)(I) is established which includes—

15 “(I) a description of the auto-
16 matic portability transaction and the
17 fees which will be charged in connec-
18 tion with the transaction,

19 “(II) a description of the individ-
20 ual’s right to affirmatively elect not to
21 participate in the transaction, the pro-
22 cedures for such an election, and a
23 telephone number at which the indi-
24 vidual can contact the automatic port-
25 ability provider, and

1 “(III) such other disclosures as
2 the Secretary may require by regula-
3 tion.

4 “(vi) POST-TRANSACTION NOTICE.—
5 Not later than 3 business days after an
6 automatic portability transaction, the auto-
7 matic portability provider shall provide no-
8 tice to the individual on whose behalf the
9 individual retirement plan described in
10 subparagraph (A)(i)(I) is established of—

11 “(I) the actions taken by the
12 automatic portability provider with re-
13 spect to the individual’s account,

14 “(II) all relevant information re-
15 garding the location and amount of
16 any transferred assets,

17 “(III) a statement of fees
18 charged against the account by the
19 automatic portability provider or its
20 affiliates in connection with the trans-
21 fer,

22 “(IV) a telephone number at
23 which the individual can contact the
24 automatic portability provider, and

1 “(V) such other disclosures as
2 the Secretary may require by regula-
3 tion.

4 “(vii) NOTICE REQUIREMENTS.—The
5 notices required under clauses (v) and (vi)
6 shall be written in a manner calculated to
7 be understood by the average intended re-
8 cipient and shall not include materially
9 misleading statements.

10 “(viii) TIMELINESS OF EXECUTION.—
11 After liquidating the assets of an indi-
12 vidual retirement plan described in sub-
13 paragraph (A)(i)(I) to cash, an automatic
14 portability provider shall transfer the ac-
15 count balance of such plan as soon as
16 practicable to the plan described in sub-
17 paragraph (A)(i)(II).

18 “(ix) RECORD RETENTION AND AU-
19 DITS.—

20 “(I) IN GENERAL.—An automatic
21 portability provider shall, for 6 years,
22 maintain the records sufficient to
23 demonstrate the terms of this sub-
24 paragraph have been met.

1 “(II) AUDITS.—An automatic
2 portability provider shall conduct an
3 annual audit, in accordance with regu-
4 lations promulgated by the Secretary,
5 of automatic portability transactions
6 occurring during the calendar year to
7 demonstrate compliance with this sub-
8 paragraph, and shall submit such
9 audit annually to the Secretary, in
10 such form and manner as specified by
11 the Secretary.”.

12 (c) REGULATORY AUTHORITY.—Not later than July
13 1, 2023, the Secretary of the Treasury (or such Sec-
14 retary’s delegate) shall issue such regulations as may be
15 necessary to carry out the purposes of the amendments
16 made by this section, including regulations which—

17 (1) require an automatic portability provider to
18 provide a notice to individuals on whose behalf the
19 individual retirement plan described in paragraph
20 (12)(A)(i)(I) of section 4975(f) of the Internal Rev-
21 enue Code of 1986, as added by this section, is es-
22 tablished in advance of the notices specified in para-
23 graph (12)(B)(v) of such section, as so added,

24 (2) restrict the receipt of third party compensa-
25 tion (other than a direct fee by an employer spon-

1 soring a plan which is in lieu of a fee imposed on
2 an individual retirement plan owner) by an auto-
3 matic portability provider in connection with an
4 automatic portability transaction,

5 (3) prohibit exculpatory provisions in an auto-
6 matic portability provider's contracts or communica-
7 tions with individuals disclaiming or limiting its li-
8 ability in the event that an automatic portability
9 transaction results in an improper transfer,

10 (4) require an automatic portability provider to
11 take actions necessary to reasonably ensure that
12 participant and beneficiary data is current and accu-
13 rate, and

14 (5) ensure that the appropriate participants
15 and beneficiaries, in fact, receive all the required no-
16 tices and disclosures until the assets are transferred
17 to a new retirement plan account.

18 Any term used in this subsection which is used in para-
19 graph (12) of section 4975(f) of such Code, as added by
20 this section, has the same meaning as when used in such
21 paragraph.

22 (d) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to transactions occurring after De-
24 cember 31, 2023.

1 **SEC. 119. APPLICATION OF SECTION 415 LIMIT FOR CER-**
2 **TAIN EMPLOYEES OF RURAL ELECTRIC CO-**
3 **OPERATIVES.**

4 (a) IN GENERAL.—Section 415(b) is amended by
5 adding at the end the following new paragraph:

6 “(12) SPECIAL RULE FOR CERTAIN EMPLOYEES
7 OF RURAL ELECTRIC COOPERATIVES.—

8 “(A) IN GENERAL.—Subparagraph (B) of
9 paragraph (1) shall not apply to a participant
10 in an eligible rural electric cooperative plan, ex-
11 cept in the case of a participant who was a
12 highly compensated employee (as defined in sec-
13 tion 414(q)) of the employer maintaining such
14 plan for the earlier of—

15 “(i) the plan year in which the partici-
16 pant terminated employment with such
17 employer, or

18 “(ii) the plan year in which distribu-
19 tions commence under the plan with re-
20 spect to the participant, or

21 for any of the 5 plan years immediately pre-
22 ceding such earlier plan year.

23 “(B) ELIGIBLE RURAL ELECTRIC COOPER-
24 ATIVE PLAN.—For purposes of this para-
25 graph—

1 Secretary of the Treasury (or the Secretary’s delegate)
2 shall amend the regulation issued by the Department of
3 the Treasury relating to “Income Tax; Diversification Re-
4 quirements for Variable Annuity, Endowment, and Life
5 Insurance Contracts”, 54 Fed. Reg. 8728 (March 2,
6 1989), and make any necessary corresponding amend-
7 ments to other regulations, in order to facilitate the use
8 of exchange-traded funds as investment options under
9 variable contracts within the meaning of section 817(d)
10 of the Internal Revenue Code of 1986, in accordance with
11 subsections (b) and (c) of this section.

12 (b) DESIGNATE CERTAIN AUTHORIZED PARTICI-
13 PANTS AND MARKET MAKERS AS ELIGIBLE INVESTORS.—
14 The Secretary of the Treasury (or the Secretary’s dele-
15 gate) shall amend Treas. Reg. section 1.817–5(f)(3) to
16 provide that satisfaction of the requirements in Treas.
17 Reg. section 1.817–5(f)(2)(i) with respect to an exchange-
18 traded fund shall not be prevented by reason of beneficial
19 interests in such a fund being held by 1 or more author-
20 ized participants or market makers.

21 (c) DEFINE RELEVANT TERMS.—In amending Treas.
22 Reg. section 1.817–5(f)(3) in accordance with subsection
23 (b), the Secretary of the Treasury (or the Secretary’s dele-
24 gate) shall provide definitions consistent with the fol-
25 lowing:

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

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

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

10 (C) the shares of which are traded
11 throughout the day on a national stock ex-
12 change at market prices that may or may not
13 be the same as the net asset value of the
14 shares.

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

1 (A) purchasing the shares for its own in-
2 vestment purposes rather than for the exclusive
3 purpose of creating and redeeming such shares
4 on behalf of third parties; and

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

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

20 (d) EFFECTIVE DATE.—This section shall apply to
21 segregated asset account investments made on or after the
22 date which is 7 years after the date of the enactment of
23 this Act.

1 **SEC. 121. MODIFICATION OF AGE REQUIREMENT FOR**
2 **QUALIFIED ABLE PROGRAMS.**

3 (a) IN GENERAL.—Section 529A(e) is amended by
4 striking “age 26” each place it appears in paragraphs
5 (1)(A) and (2)(A)(i)(II) and inserting “age 46”.

6 (b) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2025.

9 **SEC. 122. ASSIST SAVERS IN RECOVERING UNCLAIMED SAV-**
10 **INGS BONDS.**

11 Section 3105 of title 31, United States Code, is
12 amended by adding at the end the following:

13 “(f)(1) The Secretary shall provide each State, in dig-
14 ital or other electronic form (including digital images),
15 with all information concerning any applicable savings
16 bond which is registered to an owner with a last known
17 address that is within such State, including the serial
18 number of the bond, the name and last known address
19 of such owner, and all records of any transactions involv-
20 ing such bond.

21 “(2)(A) The Secretary shall prescribe such regula-
22 tions or other guidance as may be necessary to carry out
23 the purposes of this subsection, including rules to—

24 “(i) protect the privacy of the owners of
25 applicable savings bonds; and

1 “(ii) ensure that any information provided
2 to a State under this subsection shall be used
3 solely to carry out the purposes of this sub-
4 section.

5 “(B) Any regulations or guidance prescribed by
6 the Secretary pursuant to subparagraph (A) shall
7 not have the effect of prohibiting, restricting, or oth-
8 erwise preventing a State from obtaining all infor-
9 mation described in paragraph (1).

10 “(3) Not later than 12 months after the date of en-
11 actment of this subsection, and annually thereafter, the
12 Secretary shall submit to the Committee on Appropria-
13 tions and the Committee on Finance of the Senate a re-
14 port assessing all efforts to satisfy the requirement under
15 paragraph (1).

16 “(4) Any State that receives information described in
17 paragraph (1) with respect to an applicable savings bond
18 may use such information to locate the registered owner
19 of such bond pursuant to the same standards and require-
20 ments as are applicable under the abandoned property
21 rules and regulations of such State.

22 “(5) For purposes of this subsection, the term ‘appli-
23 cable savings bond’ means a matured savings bond, and
24 all payment of such bond, including interest, for which
25 such bond—

1 “(A) was originally in paper, paperless, or elec-
2 tronic form; and

3 “(B) has not been redeemed by the registered
4 owner.”.

5 **TITLE II—RETIRES**

6 **SEC. 201. INCREASE IN AGE FOR REQUIRED BEGINNING** 7 **DATE FOR MANDATORY DISTRIBUTIONS.**

8 (a) INCREASE IN AGE FOR REQUIRED BEGINNING
9 DATE.—

10 (1) IN GENERAL.—Subclause (I) of section
11 401(a)(9)(C)(i) is amended to read as follows:

12 “(I) the first calendar year in
13 which the employee attains the appli-
14 cable age for such calendar year, or”.

15 (2) SPECIAL RULE FOR OWNERS.—Subclause
16 (I) of section 401(a)(9)(C)(ii) is amended by strik-
17 ing “in which the employee attains age 72” and in-
18 serting “described in clause (i)(I) with respect to the
19 employee”.

20 (b) MANDATORY DISTRIBUTION AGE.—Paragraph
21 (9) of section 401(a) is amended by inserting at the end
22 the following new subparagraph:

23 “(J) APPLICABLE AGE.—For purposes of
24 this paragraph—

1 “(i) IN GENERAL.—The applicable age
2 is—

3 “(I) for calendar years before
4 2032, age 72, and

5 “(II) for calendar years after
6 2031, age 75.

7 “(ii) TRANSITION RULE.—If, as of a
8 calendar year, an employee has not at-
9 tained the applicable age with respect to
10 such year, such employee shall be treated
11 as not having attained the applicable age
12 under this paragraph for such year without
13 regard to whether, in a previous calendar
14 year, the employee had attained the appli-
15 cable age with respect to such previous cal-
16 endar year.”.

17 (c) SPOUSE BENEFICIARIES.—Subclause (I) of sec-
18 tion 401(a)(9)(B)(iv) is amended by striking “age 72” and
19 inserting “the applicable age”.

20 (d) CONFORMING AMENDMENT.—Subsection (b) of
21 section 408 is amended by striking “age 72” and inserting
22 “the applicable age determined under section 401(a)(9)(J)
23 with respect to such individual”.

1 (e) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to calendar years beginning after
3 the date of the enactment of this Act.

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

5 (a) IN GENERAL.—Not later than the date which is
6 18 months after the date of the enactment of this Act,
7 the Secretary of the Treasury (or the Secretary’s delegate)
8 shall amend the regulation issued by the Department of
9 the Treasury relating to “Longevity Annuity Contracts”
10 (79 Fed. Reg. 37633 (July 2, 2014)), as follows:

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

21 (2) INCREASE DOLLAR LIMITATION.—

22 (A) IN GENERAL.—The Secretary (or dele-
23 gate) shall amend Q&A–17(b)(2)(i) of Treas.
24 Reg. section 1.401(a)(9)–6 and Q&A–
25 12(b)(2)(i) of Treas. Reg. section 1.408–8 to

1 increase the dollar limitation on premiums for
2 qualifying longevity annuity contracts from
3 \$125,000 to \$200,000, and to make such cor-
4 responding changes to the regulations and re-
5 lated forms as are necessary to reflect this in-
6 crease in the dollar limitation.

7 (B) ADJUSTMENTS FOR INFLATION.—The
8 Secretary (or delegate) shall amend Q&A–
9 17(d)(2)(i) of Treas. Reg. section 1.401(a)(9)–
10 6 to provide that, in the case of calendar years
11 beginning on or after January 1 of the second
12 year following the year of enactment of this
13 Act, the \$200,000 dollar limitation (as in-
14 creased by subparagraph (A)) will be adjusted
15 at the same time and in the same manner as
16 the limits are adjusted under section 415(d) of
17 the Internal Revenue Code of 1986, except that
18 the base period shall be the calendar quarter
19 beginning July 1 of the year of enactment of
20 this Act, and any increase to such dollar limita-
21 tion which is not a multiple of \$10,000 will be
22 rounded to the next lowest multiple of \$10,000.

23 (3) FACILITATE JOINT AND SURVIVOR BENE-
24 FITS.—The Secretary (or delegate) shall amend
25 Q&A–17(c) of Treas. Reg. section 1.401(a)(9)–6,

1 and make such corresponding changes to the regula-
2 tions and related forms as are necessary, to provide
3 that, in the case of a qualifying longevity annuity
4 contract which was purchased with joint and sur-
5 vivor annuity benefits for the individual and the in-
6 dividual's spouse which were permissible under the
7 regulations at the time the contract was originally
8 purchased, a divorce occurring after the original
9 purchase and before the annuity payments com-
10 mence under the contract will not affect the permis-
11 sibility of the joint and survivor annuity benefits or
12 other benefits under the contract, or require any ad-
13 justment to the amount or duration of benefits pay-
14 able under the contract, provided that any qualified
15 domestic relations order (within the meaning of sec-
16 tion 414(p) of the Internal Revenue Code of 1986)
17 or, in the case of an arrangement not subject to sec-
18 tion 414(p) of such Code or section 206(d) of the
19 Employee Retirement Income Security Act of 1974,
20 any divorce or separation instrument (as defined in
21 subsection (b))—

22 (A) provides that the former spouse is en-
23 titled to the survivor benefits under the con-
24 tract;

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

4 (C) does not modify the treatment of the
5 former spouse as the measuring life for the sur-
6 vivor benefits under the contract.

7 (4) PERMIT SHORT FREE LOOK PERIOD.—The
8 Secretary (or delegate) shall amend Q&A–17(a)(4)
9 of Treas. Reg. section 1.401(a)(9)–6 to ensure that
10 such Q&A does not preclude a contract from includ-
11 ing a provision under which an employee may re-
12 scind the purchase of the contract within a period
13 not exceeding 90 days from the date of purchase.

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

17 (1) a decree of divorce or separate maintenance
18 or a written instrument incident to such a decree;

19 (2) a written separation agreement; or

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

23 (c) EFFECTIVE DATES, ENFORCEMENT, AND INTER-
24 PRETATIONS.—

25 (1) EFFECTIVE DATES.—

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

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

9 (2) ENFORCEMENT AND INTERPRETATIONS.—
10 Prior to the date on which the Secretary of the
11 Treasury issues final regulations pursuant to sub-
12 section (a)—

13 (A) the Secretary (or delegate) shall ad-
14 minister and enforce the law in accordance with
15 subsection (a) and the effective dates in para-
16 graph (1) of this subsection; and

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

19 (d) REGULATORY SUCCESSOR PROVISION.—Any ref-
20 erence to a regulation under this section shall be treated
21 as including a reference to any successor regulation there-
22 to.

1 **SEC. 203. REMOVE REQUIRED MINIMUM DISTRIBUTION**
2 **BARRIERS FOR LIFE ANNUITIES.**

3 (a) IN GENERAL.—Section 401(a)(9), as amended by
4 this Act, is further amended by adding at the end the fol-
5 lowing new subparagraph:

6 “(K) CERTAIN INCREASES IN PAYMENTS
7 UNDER A COMMERCIAL ANNUITY.—Nothing in
8 this section shall prohibit a commercial annuity
9 (within the meaning of section 3405(e)(6)) that
10 is issued in connection with any eligible retire-
11 ment plan (within the meaning of section
12 402(c)(8)(B), other than a defined benefit plan)
13 from providing one or more of the following
14 types of payments on or after the annuity start-
15 ing date:

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

20 “(ii) a lump sum payment that—

21 “(I) results in a shortening of the
22 payment period with respect to an an-
23 nuity or a full or partial commutation
24 of the future annuity payments, pro-
25 vided that such lump sum is deter-
26 mined using reasonable actuarial

1 methods and assumptions, as deter-
2 mined in good faith by the issuer of
3 the contract, or

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

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

22 “(iv) a final payment upon death that
23 does not exceed the excess of the total
24 amount of the consideration paid for the
25 annuity payments, less the aggregate

1 amount of prior distributions or payments
2 from or under the contract.”.

3 (b) EFFECTIVE DATE.—This section shall take effect
4 on the date of the enactment of this Act.

5 **SEC. 204. ELIMINATING A PENALTY ON PARTIAL**
6 **ANNUITIZATION.**

7 (a) ELIMINATING A PENALTY ON PARTIAL
8 ANNUITIZATION.—The Secretary of the Treasury (or the
9 Secretary’s delegate) shall amend the regulations under
10 section 401(a)(9) of the Internal Revenue Code of 1986
11 to provide that if an employee’s benefit is in the form of
12 an individual account under a defined contribution plan,
13 the plan may allow the employee to elect to have the
14 amount required to be distributed from such account
15 under such section for a year to be calculated as the excess
16 of the total required amount for such year over the annu-
17 ity amount for such year.

18 (b) DEFINITIONS.—For purposes of this section—

19 (1) TOTAL REQUIRED AMOUNT.—The term
20 “total required amount”, with respect to a year,
21 means the amount which would be required to be
22 distributed under Treas. Reg. section 1.401(a)(9)–5
23 (or any successor regulation) for the year, deter-
24 mined by treating the account balance as of the last
25 valuation date in the immediately preceding calendar

1 year as including the value on that date of all annu-
2 ity contracts which were purchased with a portion of
3 the account and from which payments are made in
4 accordance with Treas. Reg. section 1.401(a)(9)–6.

5 (2) ANNUITY AMOUNT.—The term “annuity
6 amount”, with respect to a year, is the total amount
7 distributed in the year from all annuity contracts de-
8 scribed in paragraph (1).

9 (c) CONFORMING REGULATORY AMENDMENTS.—The
10 Secretary of the Treasury (or the Secretary’s delegate)
11 shall amend the regulations under sections 403(b)(10),
12 408(a)(6), 408(b)(3), and 457(d)(2) of the Internal Rev-
13 enue Code of 1986 to conform to the amendments de-
14 scribed in subsection (a). Such conforming amendments
15 shall treat all individual retirement plans (as defined in
16 section 7701(a)(37) of such Code) which an individual
17 holds as the owner, or which an individual holds as a bene-
18 ficiary of the same decedent, as one such plan for purposes
19 of the amendments described in subsection (a). Such con-
20 forming amendments shall also treat all contracts de-
21 scribed in section 403(b) of such Code which an individual
22 holds as an employee, or which an individual holds as a
23 beneficiary of the same decedent, as one such contract for
24 such purposes.

1 (d) EFFECTIVE DATE.—The modifications and
2 amendments required under subsections (a) and (c) shall
3 be deemed to have been made as of the date of the enact-
4 ment of this Act, and as of such date—

5 (1) all applicable laws shall be applied in all re-
6 spects as though the actions which the Secretary of
7 the Treasury (or the Secretary’s delegate) is re-
8 quired to take under such subsections had been
9 taken, and

10 (2) until such time as such actions are taken,
11 taxpayers may rely upon their reasonable good faith
12 interpretations of this section.

13 **SEC. 205. REDUCTION IN EXCISE TAX ON CERTAIN ACCU-**
14 **MULATIONS IN QUALIFIED RETIREMENT**
15 **PLANS.**

16 (a) IN GENERAL.—Section 4974(a) is amended by
17 striking “50 percent” and inserting “25 percent”.

18 (b) REDUCTION IN EXCISE TAX ON FAILURES TO
19 TAKE REQUIRED MINIMUM DISTRIBUTIONS.—Section
20 4974 is amended by adding at the end the following new
21 subsection:

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

23 “(1) REDUCTION.—In the case of a taxpayer
24 who—

1 “(A) receives a distribution, during the
2 correction window, of the amount which re-
3 sulted in imposition of a tax under subsection
4 (a) from the same plan to which such tax re-
5 lates, and

6 “(B) submits a return, during the correc-
7 tion window, reflecting such tax (as modified by
8 this subsection),

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

11 “(2) CORRECTION WINDOW.—For purposes of
12 this subsection, the term ‘correction window’ means
13 the period of time beginning on the date on which
14 the tax under subsection (a) is imposed with respect
15 to a shortfall of distributions from a plan described
16 in subsection (a), and ending on the earliest of—

17 “(A) the date of mailing a notice of defi-
18 ciency with respect to the tax imposed by sub-
19 section (a) under section 6212,

20 “(B) the date on which the tax imposed by
21 subsection (a) is assessed, or

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

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

4 **SEC. 206. CLARIFICATION OF SUBSTANTIALLY EQUAL PERI-**
5 **ODIC PAYMENT RULE.**

6 (a) IN GENERAL.—Paragraph (4) of section 72(t) is
7 amended by inserting at the end the following new sub-
8 paragraph:

9 “(C) ROLLOVERS TO SUBSEQUENT
10 PLAN.—If—

11 “(i) payments described in paragraph
12 (2)(A)(iv) are being made from a qualified
13 retirement plan,

14 “(ii) a transfer or a rollover from such
15 qualified retirement plan of all or a portion
16 of the taxpayer’s benefit under the plan is
17 made to another qualified retirement plan,
18 and

19 “(iii) distributions from the transferor
20 and transferee plans would in combination
21 continue to satisfy the requirements of
22 paragraph (2)(A)(iv) if they had been
23 made only from the transferor plan,

24 such transfer or rollover shall not be treated as
25 a modification under subparagraph (A)(ii), and

1 compliance with paragraph (2)(A)(iv) shall be
2 determined on the basis of the combined dis-
3 tributions described in clause (iii).”.

4 (b) NONQUALIFIED ANNUITY CONTRACTS.—Para-
5 graph (3) of section 72(q) is amended—

6 (1) by redesignating clauses (i) and (ii) of sub-
7 paragraph (B) as subclauses (I) and (II), and by
8 moving such subclauses 2 ems to the right;

9 (2) by redesignating subparagraphs (A) and
10 (B) as clauses (i) and (ii), by moving such clauses
11 2 ems to the right, and by adjusting the flush lan-
12 guage at the end accordingly;

13 (3) by striking “PAYMENTS.—If” and inserting
14 “PAYMENTS.—

15 “(A) IN GENERAL.—If—”; and

16 (4) by adding at the end the following new sub-
17 paragraph:

18 “(B) EXCHANGES TO SUBSEQUENT CON-
19 TRACTS.—If—

20 “(i) payments described in paragraph
21 (2)(D) are being made from an annuity
22 contract,

23 “(ii) an exchange of all or a portion of
24 such contract for another contract is made
25 under section 1035, and

1 “(iii) the aggregate distributions from
2 the contracts involved in the exchange con-
3 tinue to satisfy the requirements of para-
4 graph (2)(D) as if the exchange had not
5 taken place,
6 such exchange shall not be treated as a modi-
7 fication under subparagraph (A)(ii), and com-
8 pliance with paragraph (2)(D) shall be deter-
9 mined on the basis of the combined distribu-
10 tions described in clause (iii).”.

11 (c) INFORMATION REPORTING.—Section 6724 is
12 amended by inserting at the end the following new sub-
13 section:

14 “(g) SPECIAL RULE FOR REPORTING CERTAIN ADDI-
15 TIONAL TAXES.—No penalty shall be imposed under sec-
16 tion 6721 or 6722 if—

17 “(1) a person makes a return or report under
18 section 6047(d) or 408(i) with respect to any dis-
19 tribution,

20 “(2) such distribution is made following a roll-
21 over, transfer, or exchange described in section
22 72(t)(4)(C) or section 72(q)(3)(C),

23 “(3) in making such return or report the person
24 relies upon a certification provided by the taxpayer
25 that the distributions satisfy the requirements of

1 section 72(t)(4)(C)(iii) or section 72(q)(3)(B)(iii), as
2 applicable, and

3 “(4) such person does not have actual knowl-
4 edge that the distributions do not satisfy such re-
5 quirements.”.

6 (d) SAFE HARBOR FOR ANNUITY PAYMENTS.—

7 (1) QUALIFIED RETIREMENT PLANS.—Subpara-
8 graph (A) of section 72(t)(2) is amended by adding
9 at the end the following flush sentence:

10 “For purposes of clause (iv), periodic payments
11 shall not fail to be treated as substantially
12 equal merely because they are amounts received
13 as an annuity, and such periodic payments shall
14 be deemed to be substantially equal if they are
15 payable over a period described in clause (iv)
16 and satisfy the requirements applicable to an-
17 nuity payments under section 401(a)(9).”.

18 (2) OTHER ANNUITY CONTRACTS.—Paragraph
19 (2) of section 72(q) is amended by adding at the end
20 the following flush sentence:

21 “For purposes of subparagraph (D), periodic pay-
22 ments shall not fail to be treated as substantially
23 equal merely because they are amounts received as
24 an annuity, and such periodic payments shall be
25 deemed to be substantially equal if they are payable

1 over a period described in subparagraph (D) and
2 would satisfy the requirements applicable to annuity
3 payments under section 401(a)(9) if such require-
4 ments applied.”.

5 (e) EFFECTIVE DATES.—

6 (1) IN GENERAL.—The amendments made by
7 subsections (a), (b), and (c) shall apply to transfers,
8 rollovers, and exchanges occurring on or after the
9 date of the enactment of this Act.

10 (2) ANNUITY PAYMENTS.—The amendment
11 made by subsection (d) shall apply to distributions
12 commencing on or after the date of the enactment
13 of this Act.

14 (3) NO INFERENCE.—Nothing in the amend-
15 ments made by this section shall be construed to
16 create an inference with respect to the law in effect
17 prior to the effective date of such amendments.

18 **SEC. 207. RECOVERY OF RETIREMENT PLAN OVERPAY-**
19 **MENTS.**

20 (a) QUALIFICATION REQUIREMENTS.—Section 414 is
21 amended by adding at the end the following new sub-
22 section:

23 “(aa) SPECIAL RULES APPLICABLE TO BENEFIT
24 OVERPAYMENTS.—

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

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

11 “(B) the plan sponsor amends the plan to
12 increase past or future benefit payments to af-
13 fected participants and beneficiaries in order to
14 adjust for prior inadvertent benefit overpay-
15 ments.

16 “(2) REDUCTION IN FUTURE BENEFIT PAY-
17 MENTS AND RECOVERY FROM RESPONSIBLE
18 PARTY.—Paragraph (1) shall not fail to apply to a
19 plan merely because, after discovering a benefit over-
20 payment, such plan—

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

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

1 “(3) EMPLOYER FUNDING OBLIGATIONS.—

2 Nothing in this subsection shall relieve an employer
3 of any obligation imposed on it to make contribu-
4 tions to a plan to satisfy the minimum funding
5 standards under sections 412 and 430 or to prevent
6 or restore an impermissible forfeiture in accordance
7 with section 411.

8 “(4) OBSERVANCE OF BENEFIT LIMITATIONS.—

9 Notwithstanding paragraph (1), a plan to which
10 paragraph (1) applies shall observe any limitations
11 imposed on it by section 401(a)(17) or 415. The
12 plan may enforce such limitations using any method
13 approved by the Secretary for recouping benefits
14 previously paid or allocations previously made in ex-
15 cess of such limitations.

16 “(5) COORDINATION WITH OTHER QUALIFICA-

17 TION REQUIREMENTS.—The Secretary may issue
18 regulations or other guidance of general applicability
19 specifying how benefit overpayments and their
20 recoupment or non-recoupment from a participant or
21 beneficiary shall be taken into account for purposes
22 of satisfying any requirement applicable to a plan to
23 which paragraph (1) applies.”.

24 (b) ROLLOVERS.—Section 402(c) is amended by add-
25 ing at the end the following new paragraph:

1 “(12) In the case of an inadvertent benefit
2 overpayment from a plan to which section
3 414(aa)(1) applies which is transferred to an eligible
4 retirement plan by or on behalf of a participant or
5 beneficiary—

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

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

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

1 (d) CERTAIN ACTIONS BEFORE EFFECTIVE DATE.—
2 Plans, fiduciaries, employers, and plan sponsors are enti-
3 tled to rely on a reasonable good faith interpretation of
4 then existing administrative guidance for inadvertent ben-
5 efit overpayment recoupments and recoveries that com-
6 menced before the first day of the first plan year begin-
7 ning after the date of the enactment of this Act.

8 **SEC. 208. RETIREMENT SAVINGS LOST AND FOUND.**

9 (a) RETIREMENT SAVINGS LOST AND FOUND.—

10 (1) ESTABLISHMENT.—

11 (A) IN GENERAL.—Not later than 3 years
12 after the date of the enactment of this Act, the
13 Secretary of the Treasury, in consultation with
14 the Secretary of Labor, the Secretary of Com-
15 merce, and the Director of the Pension Benefit
16 Guaranty Corporation, shall establish an online
17 searchable database (to be managed by the Sec-
18 retary of the Treasury in accordance with sec-
19 tion 7901 of the Internal Revenue Code of
20 1986) to be known as the “Retirement Savings
21 Lost and Found”. The Retirement Savings
22 Lost and Found shall—

23 (i) allow an individual to search for
24 information that enables the individual to
25 locate the plan administrator of any plans

1 with respect to which the individual is or
2 was a participant or beneficiary, and to
3 provide contact information for the plan
4 administrator of any plan described in sub-
5 paragraph (B);

6 (ii) allow the Secretary of the Treas-
7 ury to assist such an individual in locating
8 any plan of the individual; and

9 (iii) allow the Secretary of the Treas-
10 ury to make any necessary changes to con-
11 tact information on record for the plan ad-
12 ministrator based on any changes to the
13 plan due to merger or consolidation of the
14 plan with any other plan, division of the
15 plan into two or more plans, bankruptcy,
16 termination, change in name of the plan,
17 change in name or address of the plan ad-
18 ministrator, or other causes.

19 The Retirement Savings Lost and Found estab-
20 lished under this paragraph shall include infor-
21 mation reported under section 7901 of such
22 Code and other relevant information obtained
23 by the Secretary of the Treasury.

24 (B) PLANS DESCRIBED.—A plan described
25 in this subparagraph is a plan to which the

1 vesting standards of section 411 of the Internal
2 Revenue Code of 1986 apply.

3 (2) ADMINISTRATION.—The Retirement Sav-
4 ings Lost and Found established under paragraph
5 (1) shall provide individuals described in paragraph
6 (1)(A) only with the ability to view contact informa-
7 tion for the plan administrator of any plan with re-
8 spect to which the individual is or was a participant
9 or beneficiary, sufficient to allow the individual to lo-
10 cate the individual’s plan in order to recover any
11 benefit owing to the individual under the plan.

12 (3) SAFEGUARDING PARTICIPANT PRIVACY AND
13 SECURITY.—

14 (A) IN GENERAL.—In establishing the Re-
15 tirement Savings Lost and Found under para-
16 graph (1), the Secretary of the Treasury, in
17 consultation with the Secretary of Labor, the
18 Secretary of Commerce, and the Director of the
19 Pension Benefit Guaranty Corporation, shall
20 take all necessary and proper precautions to en-
21 sure that individuals’ plan information main-
22 tained by the Retirement Savings Lost and
23 Found is protected and that persons other than
24 the individual cannot fraudulently claim the
25 benefits to which any individual is entitled, and

1 to allow any individual to opt out of inclusion
2 in the Retirement Savings Lost and Found at
3 the election of the individual.

4 (B) DISCLOSURE.—The Secretary of the
5 Treasury may, through regulations or other
6 guidance—

7 (i) authorize disclosure to the agencies
8 jointly administering the Retirement Sav-
9 ings Lost and Found of such return infor-
10 mation as is necessary to administer the
11 Retirement Savings Lost and Found data-
12 base, but only to such employees whose of-
13 ficial duties with respect to the database
14 require such disclosure, and

15 (ii) authorize disclosure to plan par-
16 ticipants and beneficiaries of the contact
17 information for the plan administrator of
18 any plan with respect to which such indi-
19 viduals are or were a participant or bene-
20 ficiary.

21 (4) SECRETARY.—Any reference in this sub-
22 section to the Secretary of the Treasury includes
23 such Secretary's delegate.

24 (b) OFFICE OF THE RETIREMENT SAVINGS LOST
25 AND FOUND.—

1 (1) IN GENERAL.—Subtitle F is amended by
2 adding at the end the following new chapter:

3 **“CHAPTER 81—OFFICE OF THE**
4 **RETIREMENT SAVINGS LOST AND FOUND**

“Sec. 7901. Office of the Retirement Savings Lost and Found.

5 **“SEC. 7901. OFFICE OF THE RETIREMENT SAVINGS LOST**
6 **AND FOUND.**

7 “(a) ESTABLISHMENT; RESPONSIBILITIES OF OF-
8 FICE.—

9 “(1) IN GENERAL.—Not later than 2 years
10 after the date of the enactment of this section, the
11 Secretary shall establish within the Department of
12 the Treasury an Office of the Retirement Savings
13 Lost and Found (in this section referred to as the
14 ‘Office’).

15 “(2) RESPONSIBILITIES OF OFFICE.—The Of-
16 fice shall—

17 “(A) carry out subsection (b),

18 “(B) maintain the Retirement Savings
19 Lost and Found established under section
20 208(a) of the Enhancing American Retirement
21 Now Act, and

22 “(C) perform an annual audit of plan in-
23 formation contained in the Retirement Savings

1 Lost and Found and ensure that such informa-
2 tion is current and accurate.

3 “(b) CERTAIN NON-RESPONSIVE PARTICIPANTS EN-
4 TITLED TO SMALL BENEFITS.—

5 “(1) GENERAL RULE.—

6 “(A) TRANSFER TO THE OFFICE OF THE
7 RETIREMENT SAVINGS LOST AND FOUND.—The
8 administrator of a plan which is not terminated
9 and to which section 401(a)(31)(B) applies
10 shall transfer to the Office the amount required
11 to be transferred under section
12 401(a)(31)(B)(iv) for a non-responsive partici-
13 pant.

14 “(B) INFORMATION AND PAYMENT TO THE
15 OFFICE.—Upon making a transfer under sub-
16 paragraph (A), the plan administrator shall
17 provide such information and certifications as
18 the Office shall specify, including with respect
19 to the transferred amount and the non-respon-
20 sive participant.

21 “(C) INFORMATION REQUIREMENTS AFTER
22 TRANSFER.—In the event that, after a transfer
23 is made under subparagraph (A), the relevant
24 non-responsive participant contacts the plan ad-
25 ministrator or the plan administrator discovers

1 information that may assist the Office in locat-
2 ing the non-responsive participant, the plan ad-
3 ministrator shall notify and provide such infor-
4 mation as the Office shall specify to the Office.

5 “(D) SEARCH AND PAYMENT BY THE OF-
6 FICE FOLLOWING TRANSFER.—The Office shall
7 periodically, and upon receiving information de-
8 scribed in subparagraph (C), conduct a search
9 for the non-responsive participant for whom the
10 Office has received a transfer under subpara-
11 graph (A). Upon location of a non-responsive
12 participant who claims benefits, the Office shall
13 make a single payment to the non-responsive
14 participant in an amount equal to the sum of—

15 “(i) the amount transferred to the Of-
16 fice under subparagraph (A) for such par-
17 ticipant, and

18 “(ii) any earnings on the amount de-
19 scribed in clause (i)

20 “(2) DEFINITION.—For purposes of this sub-
21 section, the term ‘non-responsive participant’ means
22 a participant or beneficiary of a plan described in
23 paragraph (1)(A)—

1 “(A) who is entitled to a benefit subject to
2 a mandatory transfer under section
3 401(a)(31)(B)(iii), and

4 “(B) for whom the plan has satisfied the
5 conditions in section 401(a)(31)(B)(iv).

6 “(3) REGULATORY AUTHORITY.—The Secretary
7 shall prescribe such regulations as are necessary to
8 carry out the purposes of this section, including
9 rules relating to the amount payable to the Office
10 and the amount to be paid by the Office.

11 “(c) INFORMATION COLLECTION.—Within such pe-
12 riod after the end of a plan year as the Secretary may
13 by regulations prescribe, the administrator of a plan to
14 which the vesting standards of section 411 apply shall sub-
15 mit to the Office in such form as the Secretary may re-
16 quire—

17 “(1) the information described in paragraphs
18 (1) through (4) of section 6057(b),

19 “(2) the information described in subpara-
20 graphs (A), (B), (E), and (F) of section 6057(a)(2),
21 and

22 “(3) such other information as the Secretary
23 may require.

24 “(d) EFFECTIVE DATE.—The requirements of sub-
25 sections (b) and (c) shall apply with respect to plan years

1 beginning after the second December 31 occurring after
2 the date of the enactment of this section.

3 “(e) ESTABLISHMENT OF FUND.—

4 “(1) IN GENERAL.—A fund shall be established
5 within the Treasury for the payment of benefits
6 under subsection (b)(1)(D). Such fund shall be cred-
7 ited with the appropriate—

8 “(A) amounts transferred to the Office of
9 the Retirement Savings Lost and Found under
10 subsection (b)(1)(A), and

11 “(B) earnings on investments of the fund
12 or on assets credited to the fund.

13 “(2) INVESTMENT OF FUNDS.—Whenever the
14 Secretary determines that the moneys of any fund
15 are in excess of current needs, the Secretary may in-
16 vest such amounts as the Secretary determines ad-
17 visable in obligations issued or guaranteed by the
18 United States.”.

19 (2) CONFORMING AMENDMENT.—The table of
20 chapters for subtitle F is amended by adding at the
21 end the following new item:

“CHAPTER 81—OFFICE OF THE RETIREMENT SAVINGS LOST AND FOUND”.

22 (c) MANDATORY TRANSFERS OF ROLLOVER DIS-
23 TRIBUTIONS.—

1 (1) CAP.—Sections 401(a)(31)(B)(ii) and
2 411(a)(11)(A) are each amended by striking
3 “\$5,000” and inserting “\$6,000”.

4 (2) DISTRIBUTION OF LARGER AMOUNTS TO IN-
5 DIVIDUAL RETIREMENT PLANS ONLY.—Section
6 401(a)(31)(B)(i) is amended by adding at the end
7 the following: “The Retirement Savings Lost and
8 Found established by section 208 of the Enhancing
9 American Retirement Now Act shall not be treated
10 as a trustee or issuer which is eligible to receive such
11 distributions.”.

12 (3) LESSER AMOUNTS.—Section 401(a)(31)(B)
13 is amended by adding at the end the following new
14 clauses:

15 “(iii) TREATMENT OF LESSER
16 AMOUNTS.—In the case of a trust which is
17 part of an eligible plan, such trust shall
18 not be a qualified trust under this section
19 unless such plan provides that, if a partici-
20 pant in the plan separates from the service
21 covered by the plan and the nonforfeitable
22 accrued benefit described in clause (ii) is
23 not in excess of \$1,000, the plan adminis-
24 trator shall (either separately or as part of
25 the notice under section 402(f)) notify the

1 participant that the participant is entitled
2 to such benefit or attempt to pay the ben-
3 efit directly to the participant.

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

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

14 “(II) accept any direct payment
15 made under such clause within 6
16 months of the attempted payment,
17 the plan administrator shall transfer the
18 amount of such benefit to the Office of the
19 Retirement Savings Lost and Found in ac-
20 cordance with section 7901.

21 “(v) INCOME TAX TREATMENT OF
22 TRANSFERS TO RETIREMENT SAVINGS
23 LOST AND FOUND.—For purposes of deter-
24 mining the income tax treatment of trans-

1 fers to the Office of the Retirement Sav-
2 ings Lost and Found under clause (iv)—

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

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

11 (4) EFFECTIVE DATE.—The amendments made
12 by this subsection shall apply to vested benefits with
13 respect to participants who separate from service
14 connected to the plan in plan years beginning after
15 the second December 31 occurring after the date of
16 the enactment of this Act.

17 (d) BETTER REPORTING FOR MANDATORY TRANS-
18 FERS.—

19 (1) IN GENERAL.—Paragraph (2) of section
20 6057(a) is amended—

21 (A) in subparagraph (C)—

22 (i) by striking “during such plan
23 year” in clause (i) and inserting “during
24 the plan year immediately preceding such
25 plan year”;

1 (ii) by adding “and” at the end of
2 clause (i); and

3 (iii) by striking clause (iii);

4 (B) by redesignating subparagraph (E) as
5 subparagraph (G);

6 (C) by striking “and” at the end of sub-
7 paragraph (D); and

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

10 “(E) the name and taxpayer identifying
11 number of each participant or former partici-
12 pant in the plan—

13 “(i) who, during the current plan year
14 or any previous plan year, was reported
15 under subparagraph (C), and with respect
16 to whom the benefits described in subpara-
17 graph (C)(ii) were fully paid during the
18 plan year,

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

22 “(iii) with respect to whom a deferred
23 annuity contract was distributed during
24 the plan year,

1 “(F) in the case of a participant or former
2 participant to whom subparagraph (E) ap-
3 plies—

4 “(i) in the case of a participant de-
5 scribed in clause (ii) thereof, the name and
6 address of the designated trustee or issuer
7 described in section 401(a)(31)(B)(i) and
8 the account number of the individual re-
9 tirement plan to which the amount was
10 distributed, and

11 “(ii) in the case of a participant de-
12 scribed in clause (iii) thereof, the name
13 and address of the issuer of such annuity
14 contract and the contract or certificate
15 number, and”.

16 (2) RULES RELATING TO DIRECT TRUSTEE-TO-
17 TRUSTEE TRANSFERS.—

18 (A) IN GENERAL.—Paragraph (6) of sec-
19 tion 402(e) is amended—

20 (i) by striking “TRANSFERS.—Any”
21 and inserting “TRANSFERS.—

22 “(A) IN GENERAL.—Any”; and

23 (ii) by adding at the end the following
24 new subparagraph:

1 “(B) NOTIFICATION OF TRUSTEE.—In the
2 case of a distribution under section
3 401(a)(31)(B), the plan administrator shall no-
4 tify the designated trustee or issuer described
5 in clause (i) thereof that the transfer is a man-
6 datory distribution required by such section.”.

7 (B) PENALTY.—Subsection (i) of section
8 6652 is amended—

9 (i) by striking “TO RECIPIENTS” in
10 the heading and inserting “OR NOTIFICA-
11 TION”;

12 (ii) by striking “402(f),” and insert-
13 ing “402(f) or a notification as required by
14 section 402(e)(6)(B),”; and

15 (iii) by striking “such written expla-
16 nation” and inserting “such written expla-
17 nation or notification”.

18 (C) REPORTS.—Subsection (i) of section
19 408 is amended—

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

24 (ii) by redesignating paragraphs (1)
25 and (2) as subparagraphs (A) and (B), re-

1 spectively, and by moving such subpara-
2 graphs 2 ems to the right; and

3 (iii) by striking “as the Secretary pre-
4 scribes” in subparagraph (B)(ii), as so re-
5 designated, and all that follows through “a
6 simple retirement account” and inserting
7 “as the Secretary prescribes.

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

10 (iv) by striking “REPORTS.—The
11 trustee of” and inserting “REPORTS.—

12 “(1) IN GENERAL.—The trustee of”;

13 (v) by striking “under paragraph (2)”
14 in paragraph (3), as redesignated by clause
15 (iii), and inserting “under paragraph
16 (1)(B)”;

17 (vi) by inserting after paragraph
18 (1)(B)(ii), as redesignated by the pre-
19 ceding clauses, the following new para-
20 graph:

21 “(2) MANDATORY DISTRIBUTIONS.—In the case
22 of an account, contract, or annuity to which a trans-
23 fer under section 401(a)(31)(B) is made (including
24 a transfer from the individual retirement plan to
25 which the original transfer under such section was

1 made to another individual retirement plan), the re-
2 port required by this subsection for the year of the
3 transfer and any year in which the information pre-
4 viously reported in subparagraph (B) changes
5 shall—

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

8 “(B) include the name, address, and tax-
9 payer identifying number of the trustee or
10 issuer of the individual retirement plan to which
11 the amount is transferred.”.

12 (3) NOTIFICATION OF PARTICIPANTS UPON SEP-
13 ARATION.—Subsection (e) of section 6057 is amend-
14 ed by inserting “, and, with respect to any benefit
15 of the individual subject to section 401(a)(31)(B), a
16 notice of availability of, and the contact information
17 for, the Retirement Savings Lost and Found estab-
18 lished under section 208(a) of the Enhancing Amer-
19 ican Retirement Now Act” before the period at the
20 end of the second sentence.

21 (4) EFFECTIVE DATE.—The amendments made
22 by this subsection shall apply to distributions made
23 in, and returns and reports relating to, years begin-
24 ning after the second December 31 occurring after
25 the date of the enactment of this Act.

1 (e) REQUIREMENT OF ELECTRONIC FILING.—

2 (1) IN GENERAL.—Paragraph (2) of section
3 6011(e) is amended—

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

7 (B) by striking “REGULATIONS.—In pre-
8 scribing” and inserting “REGULATIONS.—

9 “(A) IN GENERAL.—In prescribing”; and

10 (C) by adding at the end the following new
11 subparagraph:

12 “(C) EXCEPTIONS.—Notwithstanding sub-
13 paragraph (A), the Secretary shall require re-
14 turns or reports required under—

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

17 “(ii) sections 408(i), 6041, and 6047
18 to the extent such return or report relates
19 to the tax treatment of a distribution from
20 a plan, account, contract, or annuity,

21 to be filed on magnetic media, but only with re-
22 spect to persons who are required to file at
23 least 50 returns during the calendar year which
24 includes the first day of the plan year to which
25 such returns or reports relate.”.

1 (2) EFFECTIVE DATE.—The amendments made
2 by this subsection shall apply to returns and reports
3 relating to years beginning after the second Decem-
4 ber 31 occurring after the date of the enactment of
5 this Act.

6 **SEC. 209. ROTH PLAN DISTRIBUTION RULES.**

7 (a) IN GENERAL.—Subsection (d) of section 402A is
8 amended by adding at the end the following new para-
9 graph:

10 “(5) MANDATORY DISTRIBUTION RULES NOT
11 TO APPLY BEFORE DEATH.—Notwithstanding sec-
12 tions 403(b)(10) and 457(d)(2), the following provi-
13 sions shall not apply to any designated Roth ac-
14 count:

15 “(A) Section 401(a)(9)(A).

16 “(B) The incidental death benefit require-
17 ments of section 401(a).”.

18 (b) EFFECTIVE DATE.—

19 (1) IN GENERAL.—Except as provided in para-
20 graph (2), the amendment made by this section shall
21 apply to taxable years beginning after December 31,
22 2023.

23 (2) SPECIAL RULE.—The amendment made by
24 this section shall not apply to distributions which are
25 required with respect to years beginning before Jan-

1 uary 1, 2024, but are permitted to be paid on or
2 after such date.

3 **SEC. 210. ONE-TIME ELECTION FOR QUALIFIED CHARITABLE**
4 **DISTRIBUTION TO SPLIT-INTEREST**
5 **ENTITY; INCREASE IN QUALIFIED CHARITABLE**
6 **DISTRIBUTION LIMITATION.**

7 (a) ONE-TIME ELECTION FOR QUALIFIED CHARITABLE
8 DISTRIBUTION TO SPLIT-INTEREST ENTITY.—Sec-
9 tion 408(d)(8) is amended by adding at the end the fol-
10 lowing new subparagraph:

11 “(F) ONE-TIME ELECTION FOR QUALIFIED
12 CHARITABLE DISTRIBUTION TO SPLIT-INTEREST
13 ENTITY.—

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

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

24 “(II) the aggregate amount of
25 distributions of the taxpayer with re-

1 spect to which an election under this
2 subparagraph is made does not exceed
3 \$50,000, and

4 “(III) such distribution meets the
5 requirements of clauses (iii) and (iv).

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

9 “(I) a charitable remainder annu-
10 ity trust (as defined in section
11 664(d)(1)), but only if such trust is
12 funded exclusively by qualified chari-
13 table distributions,

14 “(II) a charitable remainder
15 unitrust (as defined in section
16 664(d)(2)), but only if such unitrust
17 is funded exclusively by qualified char-
18 itable distributions, or

19 “(III) a charitable gift annuity
20 (as defined in section 501(m)(5)), but
21 only if such annuity is funded exclu-
22 sively by qualified charitable distribu-
23 tions and commences fixed payments
24 of 5 percent or greater not later than
25 1 year from the date of funding.

1 “(iii) CONTRIBUTIONS MUST BE OTH-
2 ERWISE DEDUCTIBLE.—A distribution
3 meets the requirements of this clause only
4 if—

5 “(I) in the case of a distribution
6 to a charitable remainder annuity
7 trust or a charitable remainder
8 unitrust, a deduction for the entire
9 value of the remainder interest in the
10 distribution for the benefit of a speci-
11 fied charitable organization would be
12 allowable under section 170 (deter-
13 mined without regard to subsection
14 (b) thereof and this paragraph), and

15 “(II) in the case of a charitable
16 gift annuity, a deduction in an
17 amount equal to the amount of the
18 distribution reduced by the value of
19 the annuity described in section
20 501(m)(5)(B) would be allowable
21 under section 170 (determined with-
22 out regard to subsection (b) thereof
23 and this paragraph).

1 “(iv) LIMITATION ON INCOME INTER-
2 ESTS.—A distribution meets the require-
3 ments of this clause only if—

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

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

12 “(v) SPECIAL RULES.—

13 “(I) CHARITABLE REMAINDER
14 TRUSTS.—Notwithstanding section
15 664(b), distributions made from a
16 trust described in subclause (I) or (II)
17 of clause (ii) shall be treated as ordi-
18 nary income in the hands of the bene-
19 ficiary to whom the annuity described
20 in section 664(d)(1)(A) or the pay-
21 ment described in section
22 664(d)(2)(A) is paid.

23 “(II) CHARITABLE GIFT ANNU-
24 ITIES.—Qualified charitable distribu-
25 tions made to fund a charitable gift

1 annuity shall not be treated as an in-
2 vestment in the contract for purposes
3 of section 72(c).”.

4 (b) INFLATION ADJUSTMENT.—Section 408(d)(8), as
5 amended by subsection (a), is further amended by adding
6 at the end the following new subparagraph:

7 “(G) INFLATION ADJUSTMENT.—

8 “(i) IN GENERAL.—In the case of any
9 taxable year beginning after 2023, each of
10 the dollar amounts in subparagraphs (A)
11 and (F) shall be increased by an amount
12 equal to—

13 “(I) such dollar amount, multi-
14 plied by

15 “(II) the cost-of-living adjust-
16 ment determined under section 1(f)(3)
17 for the calendar year in which the tax-
18 able year begins, determined by sub-
19 stituting ‘calendar year 2022’ for ‘cal-
20 endar year 2016’ in subparagraph
21 (A)(ii) thereof.

22 “(ii) ROUNDING.—If any dollar
23 amount increased under clause (i) is not a
24 multiple of \$1,000, such dollar amount

1 shall be rounded to the nearest multiple of
2 \$1,000.”.

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

7 **SEC. 211. EXCEPTION TO PENALTY ON EARLY DISTRIBUTIONS FROM QUALIFIED PLANS FOR INDIVIDUALS WITH A TERMINAL ILLNESS.**

10 (a) **IN GENERAL.**—Section 72(t)(2), as amended by
11 this Act, is further amended by adding at the end the following new subparagraph:
12

13 “(K) **TERMINAL ILLNESS.**—

14 “(i) **IN GENERAL.**—Distributions
15 which are made to the employee who is a
16 terminally ill individual on or after the
17 date on which such employee has been certified by a physician as having a terminal
18 illness.
19

20 “(ii) **DEFINITION.**—For purposes of
21 this subparagraph, the term ‘terminally ill
22 individual’ has the same meaning given
23 such term under section 101(g)(4)(A), except that ‘84 months’ shall be substituted
24 for ‘24 months’.
25

1 “(iii) DOCUMENTATION.—For pur-
2 poses of this subparagraph, an employee
3 shall not be considered to be a terminally
4 ill individual unless such employee fur-
5 nishes sufficient evidence to the plan ad-
6 ministrator in such form and manner as
7 the Secretary may require.”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 this section shall apply to distributions made after the
10 date of the enactment of this Act.

11 **SEC. 212. SURVIVING SPOUSE ELECTION TO BE TREATED**
12 **AS EMPLOYEE.**

13 (a) IN GENERAL.—Section 401(a)(9)(B)(iv), as
14 amended by this Act, is further amended to read as fol-
15 lows:

16 “(iv) SPECIAL RULE FOR SURVIVING
17 SPOUSE OF EMPLOYEE.—If the designated
18 beneficiary referred to in clause (iii)(I) is
19 the surviving spouse of the employee and
20 the surviving spouse elects the treatment
21 in this clause—

22 “(I) the regulations referred to in
23 clause (iii)(II) shall treat the surviving
24 spouse as if the surviving spouse were
25 the employee,

1 “(II) the date on which the dis-
2 tributions are required to begin under
3 clause (iii)(III) shall not be earlier
4 than the date on which the employee
5 would have attained the applicable
6 age, and

7 “(III) if the surviving spouse dies
8 before the distributions to such spouse
9 begin, this subparagraph shall be ap-
10 plied as if the surviving spouse is the
11 employee.

12 An election described in this clause shall be
13 made at such time and in such manner as
14 prescribed by the Secretary, shall include a
15 timely notice to the plan administrator,
16 and once made may not be revoked except
17 with the consent of the Secretary.”.

18 (b) EXTENSION OF ELECTION OF AT LEAST AS RAP-
19 IDLY RULE.—The Secretary shall amend Q&A-5(a) of
20 Treasury Regulation section 1.401(a)(9)-5 (or any suc-
21 cessor regulation thereto) to provide that if the surviving
22 spouse is the employee’s sole designated beneficiary and
23 the spouse elects treatment under section
24 401(a)(9)(B)(iv), then the applicable distribution period
25 for distribution calendar years after the distribution cal-

1 endar year including the employee’s date of death is deter-
2 mined under the uniform lifetime table.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to calendar years beginning after
5 December 31, 2023.

6 **SEC. 213. LONG-TERM CARE CONTRACTS PURCHASED WITH**
7 **RETIREMENT PLAN DISTRIBUTIONS.**

8 (a) IN GENERAL.—Section 401(a) is amended by in-
9 serting after paragraph (38) the following new paragraph:

10 “(39) QUALIFIED LONG-TERM CARE DISTRIBUTIONS.—
11 TIONS.—

12 “(A) IN GENERAL.—A trust forming part
13 of a defined contribution plan shall not be
14 treated as failing to constitute a qualified trust
15 under this section solely by reason of allowing
16 qualified long-term care distributions.

17 “(B) QUALIFIED LONG-TERM CARE DIS-
18 TRIBUTION.—For purposes of this paragraph—

19 “(i) IN GENERAL.—The term ‘quali-
20 fied long-term care distribution’ means so
21 much of the distributions made during the
22 taxable year as does not exceed, in the ag-
23 gregate, the lesser of—

24 “(I) the amount paid by or as-
25 sessed to the participant during the

1 taxable year for or with respect to cer-
2 tified long-term care insurance for the
3 participant or the participant’s spouse
4 (or other family member of the partic-
5 ipant as provided by the Secretary by
6 regulation), or

7 “(II) \$2,500.

8 “(ii) ADJUSTMENT FOR INFLATION.—

9 In the case of taxable years beginning
10 after December 31, 2024, the \$2,500
11 amount in clause (i)(II) shall be increased
12 by an amount equal to—

13 “(I) such dollar amount, multi-
14 plied by

15 “(II) the cost-of-living adjust-
16 ment determined under section 1(f)(3)
17 for the calendar year in which the tax-
18 able year begins, determined by sub-
19 stituting ‘calendar year 2023’ for ‘cal-
20 endar year 2016’ in subparagraph
21 (A)(ii) thereof.

22 If any increase under the preceding sen-
23 tence is not a multiple of \$100, such
24 amount shall be rounded to the nearest
25 multiple of \$100.

1 “(C) CERTIFIED LONG-TERM CARE INSUR-
2 ANCE.—The term ‘certified long-term care in-
3 surance’ means—

4 “(i) a qualified long-term care insur-
5 ance contract (as defined in section
6 7702B(b)) covering qualified long-term
7 care services (as defined in section
8 7702B(e)),

9 “(ii) coverage of the risk that an in-
10 sured individual would become a chron-
11 ically ill individual (within the meaning of
12 section 101(g)(4)(B)) under a rider or
13 other provision of a life insurance contract
14 which satisfies the requirements of section
15 101(g)(3) (determined without regard to
16 subparagraph (D) thereof), or

17 “(iii) coverage of qualified long-term
18 care services (as so defined) under a rider
19 or other provision of an insurance or annu-
20 ity contract which is treated as a separate
21 contract under section 7702B(e) and satis-
22 fies the requirements of section 7702B(g),
23 if such coverage provides meaningful financial
24 assistance in the event the insured needs home-
25 based or nursing home care. For purposes of

1 the preceding sentence, coverage shall not be
2 deemed to provide meaningful financial assist-
3 ance unless benefits are adjusted for inflation
4 and consumer protections are provided, includ-
5 ing protection in the event the coverage is ter-
6 minated.

7 “(D) DISTRIBUTIONS MUST OTHERWISE
8 BE INCLUDIBLE.—Rules similar to the rules of
9 section 402(l)(3) shall apply for purposes of
10 this paragraph.

11 “(E) LONG-TERM CARE PREMIUM STATE-
12 MENT.—

13 “(i) IN GENERAL.—No distribution
14 shall be treated as a qualified long-term
15 care distribution unless a long-term care
16 premium statement with respect to the
17 participant has been filed with the plan.

18 “(ii) LONG-TERM CARE PREMIUM
19 STATEMENT.—For purposes of this para-
20 graph, a long-term care premium state-
21 ment is a statement provided by the issuer
22 of long-term care coverage, upon request
23 by the owner of such coverage, which in-
24 cludes—

1 “(I) the name and taxpayer iden-
2 tification number of such issuer,

3 “(II) a statement that the cov-
4 erage is certified long-term care insur-
5 ance,

6 “(III) identification of the partic-
7 ipant as the owner of such coverage,

8 “(IV) identification of the indi-
9 vidual covered and such individual’s
10 relationship to the participant,

11 “(V) the premiums owed for the
12 coverage for the calendar year, and

13 “(VI) such other information as
14 the Secretary may require.

15 “(iii) FILING WITH SECRETARY.—A
16 long-term care premium statement will be
17 accepted only if the issuer has completed a
18 disclosure to the Secretary for the specific
19 coverage product to which the statement
20 relates. Such disclosure shall identify the
21 issuer, type of coverage, and such other in-
22 formation as the Secretary may require
23 which is included in the filing of the prod-
24 uct with the applicable State authority.”.

25 (b) CONFORMING AMENDMENTS.—

1 (1) Section 401(k)(2)(B)(i) is amended by
2 striking “or” at the end of subclause (V), by adding
3 “or” at the end of subclause (VI), and by adding at
4 the end the following new subclause:

5 “(VII) as provided in section
6 401(a)(39),”.

7 (2) Section 403(a) is amended by adding at the
8 end the following new paragraph:

9 “(6) QUALIFIED LONG-TERM CARE DISTRIBUTIONS.—An annuity contract shall not fail to be sub-
10 ject to this subsection solely by reason of allowing
11 distributions to which section 401(a)(39) applies.”.

12 (3) Section 403(b)(11) is amended by striking
13 “or” at the end of subparagraph (C), by striking the
14 period at the end of subparagraph (D) and inserting
15 “, or”, and by inserting after subparagraph (D) the
16 following new subparagraph:

17 “(E) for distributions to which section
18 401(a)(39) applies.”.

19 (4) Section 457(d)(1)(A) is amended by strik-
20 ing “or” at the end of clause (iii), by striking the
21 comma at the end of clause (iv) and inserting “, or”,
22 and by adding at the end the following new clause:

23 “(v) as provided in section
24 401(a)(39),”.

25

1 (c) EXEMPTION FROM ADDITIONAL TAX ON EARLY
2 DISTRIBUTIONS.—Section 72(t)(2), as amended by this
3 Act, is further amended by adding at the end the following
4 new subparagraph:

5 “(L) QUALIFIED LONG-TERM CARE DIS-
6 TRIBUTIONS.—

7 “(i) IN GENERAL.—Any qualified
8 long-term care distribution which meets
9 the requirements of section 401(a)(39).

10 “(ii) EXCEPTION.—If the individual
11 covered by the long-term care coverage to
12 which such distribution relates is the
13 spouse of the participant in the plan,
14 clause (i) shall apply only if the participant
15 and the participant’s spouse file a joint re-
16 turn.

17 “(iii) EXEMPTION OF DISTRIBUTIONS
18 FROM TRUSTEE TO TRUSTEE TRANSFER
19 AND WITHHOLDING RULES.—For purposes
20 of sections 401(a)(31), 402(f), and 3405, a
21 qualified long-term care distribution shall
22 not be treated as an eligible rollover dis-
23 tribution.”.

24 (d) REPORTING.—

1 (1) IN GENERAL.—Subpart B of part III of
2 subchapter A of chapter 61 is amended by adding at
3 the end the following new section:

4 **“SEC. 6050Z. REPORTS RELATING TO LONG-TERM CARE**
5 **PREMIUM STATEMENTS.**

6 “(a) REQUIREMENT OF REPORTING.—Any issuer of
7 certified long-term care insurance (as defined in section
8 401(a)(39)(C)) who provides a long-term care premium
9 statement to any purchaser pursuant to section
10 401(a)(39)(E) for a calendar year, shall make a return
11 not later than February 1 of the succeeding calendar year,
12 according to forms or regulations prescribed by the Sec-
13 retary, setting forth with respect to each such purchaser—

14 “(1) the name and taxpayer identification num-
15 ber of such issuer,

16 “(2) a statement that the coverage is certified
17 long-term care insurance as defined in section
18 401(a)(39)(C),

19 “(3) the name of the owner of such coverage,

20 “(4) identification of the individual covered and
21 such individual’s relationship to the owner,

22 “(5) the premiums paid for the coverage for the
23 calendar year, and

24 “(6) such other information as the Secretary
25 may require.

1 “(b) STATEMENT TO BE FURNISHED TO PERSONS
2 WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—

3 Every person required to make a return under subsection
4 (a) shall furnish to each individual whose name is required
5 to be set forth in such return a written statement show-
6 ing—

7 “(1) the name, address, and phone number of
8 the information contact of the issuer of the contract
9 or coverage, and

10 “(2) the aggregate amount of premiums and
11 charges paid under the contract or coverage covering
12 the insured individual during the calendar year.

13 The written statement required under the preceding sen-
14 tence shall be furnished to the individual or individuals
15 on or before January 31 of the year following the calendar
16 year for which the return required under subsection (a)
17 was required to be made.

18 “(c) CONTRACTS OR COVERAGE COVERING MORE
19 THAN ONE INSURED.—In the case of contracts or cov-
20 erage covering more than one insured, the return and
21 statement required by subsections (a) and (b) shall iden-
22 tify only the portion of the premium that is properly allo-
23 cable to the insured in respect of whom the return or
24 statement is made.

1 “(d) STATEMENT TO BE FURNISHED ON RE-
2 QUEST.—If any individual to whom a return is required
3 to be furnished under subsection (b) requests that such
4 a return be furnished at any time before the close of the
5 calendar year, the person required to make the return
6 under subsection (b) shall comply with such request and
7 shall furnish to the Secretary at such time a copy of the
8 return so provided.”.

9 (2) PENALTIES.—Section 6724(d) is amend-
10 ed—

11 (A) in paragraph (1)(B), by adding “or”
12 at the end of clause (xxvii) and by inserting
13 after such clause the following new clause:

14 “(xxviii) section 6050Z (relating to re-
15 ports relating to long-term care premium
16 statements), and”, and

17 (B) in paragraph (2)—

18 (i) by redesignating subparagraph
19 (JJ), relating to section 6050Y, as sub-
20 paragraph (KK) and moving such subpara-
21 graph to the position immediately after
22 subparagraph (JJ), relating to section
23 6226(a)(2),

24 (ii) by striking “or” at the end of sub-
25 paragraph (II),

1 (iii) by striking the period at the end
2 of subparagraph (JJ), relating to section
3 6226(a)(2), and inserting a comma,

4 (iv) by striking the period at the end
5 of subparagraph (KK), as so redesignated,
6 and inserting “, or”, and

7 (v) by inserting after subparagraph
8 (KK), as so redesignated, the following
9 new subparagraph:

10 “(LL) section 6050Z (relating to reports
11 relating to long-term care premium state-
12 ments).”.

13 (3) CLERICAL AMENDMENT.—The table of sec-
14 tions for subpart B of part III of subchapter A of
15 chapter 61 is amended by adding after the item re-
16 lating to section 6050Y the following new item:

“Sec. 6050Z. Reports relating to long-term care premium statements.”.

17 (e) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to distributions made after the
19 date which is 3 years after the date of the enactment of
20 this Act.

21 (f) DISCLOSURE TO TREASURY OF LONG-TERM CARE
22 INSURANCE PRODUCTS.—The Secretary of the Treasury
23 (or the Secretary’s delegate) shall issue such forms and
24 guidance as are necessary to collect the filing required by

1 section 401(a)(39)(E)(iii) of the Internal Revenue Code
2 of 1986, as added by this section.

3 (g) TREASURY WEBSITE.—The Secretary of the
4 Treasury (or the Secretary’s delegate) shall maintain a
5 website that discloses information regarding long-term
6 care insurance policies, including common policy features,
7 factors to consider in selecting coverage levels, consumer
8 protections, tax rules for premiums and benefits, and the
9 special tax and distribution rules applicable to certified
10 long-term care insurance (as defined in section
11 401(a)(39)(C) of the Internal Revenue Code of 1986).
12 Such website shall also identify issuers of certified long-
13 term care insurance (as so defined) by State, issuer con-
14 tact information, and other information specific to an
15 issuer and its long-term care insurance which is included
16 in the issuer’s filing for such insurance with the applicable
17 State authority and disclosed to the Secretary.

18 **TITLE III—PUBLIC SAFETY**

19 **OFFICERS AND MILITARY**

20 **SEC. 301. 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 is amended by adding at the end
24 the following new 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) \$200 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 \$300.

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, the term ‘eligible small employer’ means an
25 eligible employer (as defined in section 408(p)(2)(C)(i)(I).

1 “(d) **MILITARY SPOUSE.**—For purposes of this sec-
2 tion—

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

15 “(2) **EXCLUSION OF HIGHLY COMPENSATED**
16 **EMPLOYEES.**—With respect to any employer, the
17 term ‘military spouse’ shall not include any indi-
18 vidual if such individual is a highly compensated em-
19 ployee of such employer (within the meaning of sec-
20 tion 414(q)).

21 “(e) **ELIGIBLE DEFINED CONTRIBUTION PLAN.**—
22 For purposes of this section, the term ‘eligible defined con-
23 tribution plan’ means, with respect to any eligible small
24 employer, any defined contribution plan (as defined in sec-

1 tion 414(i)) of such employer if, under the terms of such
2 plan—

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

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

10 “(A) are immediately eligible to receive an
11 amount of employer contributions under such
12 plan which is not less the amount of such con-
13 tributions that a similarly situated participant
14 who is not a military spouse would be eligible
15 to receive under such plan after 2 years of serv-
16 ice, and

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

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

24 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-
25 NESS CREDIT.—Section 38(b) is amended by striking

1 “plus” at the end of paragraph (32), by striking the period
2 at the end of paragraph (33) and inserting “, plus”, and
3 by adding at the end the following new paragraph:

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

8 (c) SPECIFIED CREDIT FOR PURPOSES OF CER-
9 TIFIED PROFESSIONAL EMPLOYER ORGANIZATIONS.—
10 Section 3511(d)(2) is amended by redesignating subpara-
11 graphs (F), (G), and (H) as subparagraphs (G), (H), and
12 (I), respectively, and by inserting after subparagraph (E)
13 the following new subparagraph:

14 “(F) section 45U (military spouse retire-
15 ment plan eligibility credit),”.

16 (d) CLERICAL AMENDMENT.—The table of sections
17 for subpart D of part IV of subchapter A of chapter 1
18 is amended by adding at the end the following new item:

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

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

22 **SEC. 302. DISTRIBUTIONS TO FIREFIGHTERS.**

23 (a) IN GENERAL.—Subparagraph (A) of section
24 72(t)(10) is amended by striking “414(d)” and inserting

1 “414(d)) or a distribution from a plan described in clause
2 (iii), (iv), or (vi) of section 402(c)(8)(B) to an employee
3 who provides firefighting services”.

4 (b) CONFORMING AMENDMENT.—The heading of
5 paragraph (10) of section 72(t) is amended by striking
6 “IN GOVERNMENTAL PLANS” and inserting “AND PRIVATE
7 SECTOR FIREFIGHTERS”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to distributions made after the
10 date of the enactment of this Act.

11 **SEC. 303. EXCLUSION OF CERTAIN DISABILITY-RELATED**
12 **FIRST RESPONDER RETIREMENT PAYMENTS.**

13 (a) IN GENERAL.—Part III of subchapter B of chap-
14 ter 1 is amended by inserting after section 139B the fol-
15 lowing new section:

16 **“SEC. 139C. CERTAIN DISABILITY-RELATED FIRST RE-**
17 **SPONDER RETIREMENT PAYMENTS.**

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

23 “(b) QUALIFIED FIRST RESPONDER RETIREMENT
24 PAYMENTS.—For purposes of this section, the term ‘quali-
25 fied first responder retirement payments’ means, with re-

1 spect to any taxable year, any pension or annuity which
2 but for this section would be includible in gross income
3 for such taxable year and which is received—

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

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

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

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

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

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

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

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

3 “(3) SPECIAL RULE FOR PARTIAL-YEAR PAY-
4 MENTS.—In the case of an individual who only re-
5 ceives service-connected excludable disability
6 amounts properly attributable to a portion of the 12-
7 month period described in paragraph (1), such para-
8 graph shall be applied by multiplying such amounts
9 by the ratio of 365 to the number of days in such
10 period to which such amounts were properly attrib-
11 utable.

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

16 (b) CLERICAL AMENDMENT.—The table of sections
17 for part III of subchapter B of chapter 1 is amended by
18 inserting after the item relating to section 139B the fol-
19 lowing new item:

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

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

1 **SEC. 304. REPEAL OF DIRECT PAYMENT REQUIREMENT ON**
2 **EXCLUSION FROM GROSS INCOME OF DIS-**
3 **TRIBUTIONS FROM GOVERNMENTAL PLANS**
4 **FOR HEALTH AND LONG-TERM CARE INSUR-**
5 **ANCE.**

6 (a) IN GENERAL.—Section 402(l)(5)(A) is amended
7 to read as follows:

8 “(A) DIRECT PAYMENT TO INSURER PER-
9 MITTED.—

10 “(i) IN GENERAL.—Paragraph (1)
11 shall apply to a distribution without regard
12 to whether payment of the premiums is
13 made directly to the provider of the acci-
14 dent or health plan or qualified long-term
15 care insurance contract by deduction from
16 a distribution from the eligible retirement
17 plan, or is made to the employee.

18 “(ii) REPORTING.—In the case of a
19 payment made to the employee as de-
20 scribed in clause (i), the employee shall in-
21 clude with the return of tax for the taxable
22 year in which the distribution is made an
23 attestation that the distribution does not
24 exceed the amount paid by the employee
25 for qualified health insurance premiums
26 for such taxable year.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to distributions made after the
3 date of the enactment of this Act.

4 **SEC. 305. MODIFICATION OF ELIGIBLE AGE FOR EXEMP-**
5 **TION FROM EARLY WITHDRAWAL PENALTY.**

6 (a) IN GENERAL.—Subparagraph (A) of section
7 72(t)(10), as amended by this Act, is further amended by
8 striking “age 50” and inserting “age 50 or 25 years of
9 service under the plan, whichever is earlier”.

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

13 **SEC. 306. EXEMPTION FROM EARLY WITHDRAWAL PENALTY**
14 **FOR CERTAIN STATE AND LOCAL GOVERN-**
15 **MENT CORRECTIONS EMPLOYEES.**

16 (a) IN GENERAL.—Clause (i) of section 72(t)(10)(B)
17 is amended by striking “or emergency medical services”
18 and inserting “emergency medical services, or services as
19 a corrections officer or as a forensic security employee pro-
20 viding for the care, custody, and control of forensic pa-
21 tients”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to distributions made after the
24 date of the enactment of this Act.

1 **TITLE IV—NONPROFITS AND**
2 **EDUCATORS**

3 **SEC. 401. ENHANCEMENT OF 403(b) PLANS.**

4 (a) PERMITTED INVESTMENTS.—Subparagraph (A)
5 of section 403(b)(7) is amended by striking “if the
6 amounts are to be invested in regulated investment com-
7 pany stock to be held in that custodial account” and in-
8 serting “if the amounts are to be held in that custodial
9 account and are invested in regulated investment company
10 stock or a group trust intended to satisfy the requirements
11 of Internal Revenue Service Revenue Ruling 81–100 (or
12 any successor guidance)”.

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

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to amounts invested after the date
18 of the enactment of this Act.

19 **SEC. 402. HARDSHIP WITHDRAWAL RULES FOR 403(b)**
20 **PLANS.**

21 (a) IN GENERAL.—Section 403(b) is amended by
22 adding at the end the following new paragraph:

23 “(15) SPECIAL RULES RELATING TO HARDSHIP
24 WITHDRAWALS.—For purposes of paragraphs (7)
25 and (11)—

1 (A) by striking “in” in subparagraph (B)
2 and inserting “subject to the provisions of para-
3 graph (15), in”; and

4 (B) by striking the last sentence.

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

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

9 (a) IN GENERAL.—Section 403(b), as amended by
10 this Act, is further amended by adding at the end the fol-
11 lowing new paragraph:

12 “(16) 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 is amended by redesi-
20 gnating subsection (g) as subsection (h) and by inserting
21 after subsection (f) the following new subsection:

22 “(g) 403(b) MULTIPLE EMPLOYER PLANS TREATED
23 AS ONE PLAN.—In the case of annuity contracts to which
24 this section applies and to which section 403(b) applies
25 by reason of the plan under which such contracts are pur-

1 chased meeting the requirements of paragraph (16) there-
2 of, such plan shall be treated as a single plan for purposes
3 of this section.”.

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

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

15 (d) REGULATIONS.—The Secretary of the Treasury
16 (or the Secretary’s delegate) shall prescribe such regula-
17 tions as may be necessary to clarify, in the case of plans
18 to which section 403(b)(16) of the Internal Revenue Code
19 of 1986 applies, the treatment of an employer departing
20 such plan in connection with such employer’s failure to
21 meet multiple employer plan requirements.

22 (e) MODIFICATION OF MODEL PLAN LANGUAGE.
23 ETC.—

24 (1) PLAN NOTIFICATIONS.—The Secretary of
25 the Treasury (or the Secretary’s delegate) shall mod-

1 ify the model plan language published under section
2 413(e)(5) of the Internal Revenue Code of 1986 to
3 include language which notifies participating employ-
4 ers described in section 501(c)(3), and which are ex-
5 empt from tax under section 501(a), that the plan
6 is subject to the Employee Retirement Income Secu-
7 rity Act of 1974 and that such employer is a plan
8 sponsor with respect to its employees participating
9 in the multiple employer plan and, as such, has cer-
10 tain fiduciary duties with respect to the plan and to
11 its employees.

12 (2) MODEL PLANS FOR MULTIPLE EMPLOYER
13 403(b) NON-GOVERNMENTAL PLANS.—For plans to
14 which section 403(b)(16)(A) of the Internal Revenue
15 Code of 1986 applies (other than a plan maintained
16 for its employees by a State, a political subdivision
17 of a State, or an agency or instrumentality of any
18 one or more of the foregoing) the Secretary of the
19 Treasury (or the Secretary’s delegate) shall publish
20 model plan language similar to model plan language
21 published under section 413(e)(5) of such Code.

22 (3) EDUCATIONAL OUTREACH TO EMPLOYERS
23 EXEMPT FROM TAX.—The Secretary of the Treasury
24 (or the Secretary’s delegate) shall provide education
25 and outreach to increase awareness to employers de-

1 scribed in section 501(c)(3), and which are exempt
2 from tax under section 501(a), that multiple em-
3 ployer plans are subject to the Employee Retirement
4 Income Security Act of 1974 and that such employer
5 is a plan sponsor with respect to its employees par-
6 ticipating in the multiple employer plan and, as
7 such, has certain fiduciary duties with respect to the
8 plan and to its employees.

9 (f) NO INFERENCE WITH RESPECT TO CHURCH
10 PLANS.—Regarding any application of section 403(b) of
11 the Internal Revenue Code of 1986 to an annuity contract
12 purchased under a church plan (as defined in section
13 414(e) of such Code) maintained by more than 1 em-
14 ployer, or to any application of rules similar to section
15 413(e) of such Code to such a plan, no inference shall
16 be made from section 403(b)(16)(A) of such Code (as
17 added by this Act) not applying to such plans.

18 (g) EFFECTIVE DATE.—

19 (1) IN GENERAL.—The amendments made by
20 this section shall apply to plan years beginning after
21 the date of the enactment of this Act.

22 (2) RULE OF CONSTRUCTION.—Nothing in the
23 amendments made by subsection (a) shall be con-
24 strued as limiting the authority of the Secretary of
25 the Treasury or the Secretary's delegate (determined

1 without regard to such amendment) to provide for
2 the proper treatment of a failure to meet any re-
3 quirement applicable under the Internal Revenue
4 Code of 1986 with respect to one employer (and its
5 employees) in the case of a plan to which section
6 403(b)(16) of such Code applies.

7 **TITLE V—DISASTER RELIEF**

8 **SEC. 501. SPECIAL RULES FOR USE OF RETIREMENT FUNDS** 9 **IN CONNECTION WITH QUALIFIED FEDER-** 10 **ALLY DECLARED DISASTERS.**

11 (a) **TAX-FAVORED WITHDRAWALS FROM RETIRE-**
12 **MENT PLANS.—**

13 (1) **IN GENERAL.—**Paragraph (2) of section
14 72(t), as amended by this Act, is further amended
15 by adding at the end the following new subpara-
16 graph:

17 “(M) **DISTRIBUTIONS FROM RETIREMENT**
18 **PLANS IN CONNECTION WITH FEDERALLY DE-**
19 **CLARED DISASTERS.—**Any qualified disaster re-
20 **covery distribution.”.**

21 (2) **QUALIFIED DISASTER RECOVERY DISTRIBU-**
22 **TION.—**Section 72(t) is amended by adding at the
23 end the following new paragraph:

24 “(11) **QUALIFIED DISASTER RECOVERY DIS-**
25 **TRIBUTION.—**For purposes of paragraph (2)(M)—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), the term ‘qualified disaster
3 recovery distribution’ means any distribution
4 made—

5 “(i) on or after the first day of the in-
6 cident period of a qualified disaster and
7 before the date that is 180 days after the
8 applicable date with respect to such dis-
9 aster, and

10 “(ii) to an individual whose principal
11 place of abode at any time during the inci-
12 dent period of such qualified disaster is lo-
13 cated in the qualified disaster area with re-
14 spect to such qualified disaster and who
15 has sustained an economic loss by reason
16 of such qualified disaster.

17 “(B) AGGREGATE DOLLAR LIMITATION.—

18 “(i) IN GENERAL.—For purposes of
19 this subsection, the aggregate amount of
20 distributions received by an individual
21 which may be treated as qualified disaster
22 recovery distributions with respect to any
23 qualified disaster in all taxable years shall
24 not exceed \$22,000.

1 “(ii) TREATMENT OF PLAN DISTRIBUTIONS.—If a distribution to an individual
2 would (without regard to clause (i)) be a
3 qualified disaster recovery distribution, a
4 plan shall not be treated as violating any
5 requirement of this title merely because
6 the plan treats such distribution as a
7 qualified disaster recovery distribution, un-
8 less the aggregate amount of such distribu-
9 tions from all plans maintained by the em-
10 ployer (and any member of any controlled
11 group which includes the employer) to such
12 individual exceeds \$22,000 with respect to
13 the same qualified disaster.
14

15 “(iii) CONTROLLED GROUP.—For pur-
16 poses of clause (ii), the term ‘controlled
17 group’ means any group treated as a single
18 employer under subsection (b), (c), (m), or
19 (o) of section 414.

20 “(C) AMOUNT DISTRIBUTED MAY BE RE-
21 PAID.—

22 “(i) IN GENERAL.—Any individual
23 who receives a qualified disaster recovery
24 distribution may, at any time during the 3-
25 year period beginning on the day after the

1 date on which such distribution was re-
2 ceived, make one or more contributions in
3 an aggregate amount not to exceed the
4 amount of such distribution to an eligible
5 retirement plan of which such individual is
6 a beneficiary and to which a rollover con-
7 tribution of such distribution could be
8 made under section 402(c), 403(a)(4),
9 403(b)(8), 408(d)(3), or 457(e)(16), as the
10 case may be.

11 “(ii) TREATMENT OF REPAYMENTS OF
12 DISTRIBUTIONS FROM ELIGIBLE RETIRE-
13 MENT PLANS OTHER THAN IRAS.—For
14 purposes of this title, if a contribution is
15 made pursuant to clause (i) with respect to
16 a qualified disaster recovery distribution
17 from a plan other than an individual re-
18 tirement plan, then the taxpayer shall, to
19 the extent of the amount of the contribu-
20 tion, be treated as having received the
21 qualified disaster recovery distribution in
22 an eligible rollover distribution (as defined
23 in section 402(c)(4)) and as having trans-
24 ferred the amount to the eligible retire-

1 ment plan in a direct trustee to trustee
2 transfer within 60 days of the distribution.

3 “(iii) TREATMENT OF REPAYMENTS
4 FOR DISTRIBUTIONS FROM IRAS.—For
5 purposes of this title, if a contribution is
6 made pursuant to clause (i) with respect to
7 a qualified disaster recovery distribution
8 from an individual retirement plan, then,
9 to the extent of the amount of the con-
10 tribution, the qualified disaster recovery
11 distribution shall be treated as a distribu-
12 tion described in section 408(d)(3) and as
13 having been transferred to the eligible re-
14 tirement plan in a direct trustee to trustee
15 transfer within 60 days of the distribution.

16 “(D) INCOME INCLUSION SPREAD OVER 3-
17 YEAR PERIOD.—

18 “(i) IN GENERAL.—In the case of any
19 qualified disaster recovery distribution, un-
20 less the taxpayer elects not to have this
21 subparagraph apply for any taxable year,
22 any amount required to be included in
23 gross income for such taxable year shall be
24 so included ratably over the 3-taxable year
25 period beginning with such taxable year.

1 of section 301 of the Taxpayer Cer-
2 tainty and Disaster Tax Relief Act of
3 2020.

4 “(ii) INCIDENT PERIOD.—The term
5 ‘incident period’ means, with respect to
6 any qualified disaster, the period specified
7 by the Federal Emergency Management
8 Agency as the period during which such
9 disaster occurred.

10 “(iii) APPLICABLE DATE.—The term
11 ‘applicable date’ means the latest of—

12 “(I) the date of the enactment of
13 this paragraph,

14 “(II) the first day of the incident
15 period with respect to the qualified
16 disaster, or

17 “(III) the date of the disaster
18 declaration with respect to the quali-
19 fied disaster.

20 “(iv) ELIGIBLE RETIREMENT PLAN.—
21 The term ‘eligible retirement plan’ shall
22 have the meaning given such term by sec-
23 tion 402(c)(8)(B).

24 “(G) SPECIAL RULES.—

1 “(i) EXEMPTION OF DISTRIBUTIONS
2 FROM TRUSTEE TO TRUSTEE TRANSFER
3 AND WITHHOLDING RULES.—For purposes
4 of sections 401(a)(31), 402(f), and 3405,
5 qualified disaster recovery distributions
6 shall not be treated as eligible rollover dis-
7 tributions.

8 “(ii) QUALIFIED DISASTER RECOVERY
9 DISTRIBUTIONS TREATED AS MEETING
10 PLAN DISTRIBUTION REQUIREMENTS.—
11 For purposes of this title—

12 “(I) a qualified disaster recovery
13 distribution shall be treated as meet-
14 ing the requirements of sections
15 401(k)(2)(B)(i), 403(b)(7)(A)(i),
16 403(b)(11), and 457(d)(1)(A), and

17 “(II) in the case of a money pur-
18 chase pension plan, a qualified dis-
19 aster recovery distribution which is an
20 in-service withdrawal shall be treated
21 as meeting the requirements of section
22 401(a) applicable to distributions.”.

23 (3) EFFECTIVE DATE.—The amendments made
24 by this subsection shall apply to distributions with
25 respect to disasters the incident period (as defined

1 in section 72(t)(11)(F)(ii) of the Internal Revenue
2 Code of 1986, as added by this subsection) for which
3 begins on or after the date which is 30 days after
4 the date of the enactment of the Taxpayer Certainty
5 and Disaster Tax Relief Act of 2020.

6 (b) RECONTRIBUTIONS OF WITHDRAWALS FOR
7 HOME PURCHASES.—

8 (1) INDIVIDUAL RETIREMENT PLANS.—Para-
9 graph (8) of section 72(t) is amended by adding at
10 the end the following new subparagraph:

11 “(F) RECONTRIBUTIONS.—

12 “(i) GENERAL RULE.—

13 “(I) IN GENERAL.—Any indi-
14 vidual who received a qualified dis-
15 tribution may, during the applicable
16 period, make one or more contribu-
17 tions in an aggregate amount not to
18 exceed the amount of such qualified
19 distribution to an eligible retirement
20 plan (as defined in section
21 402(c)(8)(B)) of which such indi-
22 vidual is a beneficiary and to which a
23 rollover contribution of such distribu-
24 tion could be made under section

1 402(c), 403(a)(4), 403(b)(8), or
2 408(d)(3), as the case may be.

3 “(II) TREATMENT OF REPAY-
4 MENTS.—Rules similar to the rules of
5 clauses (ii) and (iii) of paragraph
6 (11)(C) shall apply for purposes of
7 this subsection.

8 “(ii) QUALIFIED DISTRIBUTION.—For
9 purposes of this subparagraph, the term
10 ‘qualified distribution’ means any distribu-
11 tion—

12 “(I) which is a qualified first-
13 time homebuyer distribution,

14 “(II) which was to be used to
15 purchase or construct a principal resi-
16 dence in a qualified disaster area, but
17 which was not so used on account of
18 the qualified disaster with respect to
19 such area, and

20 “(III) which was received during
21 the period beginning on the date
22 which is 180 days before the first day
23 of the incident period of such qualified
24 disaster and ending on the date which

1 is 30 days after the last day of such
2 incident period.

3 “(iii) APPLICABLE PERIOD.—For pur-
4 poses of this subparagraph, the term ‘ap-
5 plicable period’ means, in the case of a
6 principal residence in a qualified disaster
7 area with respect to any qualified disaster,
8 the period beginning on the first day of the
9 incident period of such qualified disaster
10 and ending on the date which is 180 days
11 after the applicable date with respect to
12 such disaster.”.

13 (2) QUALIFIED PLANS.—Subsection (c) of sec-
14 tion 402, as amended by this Act, is further amend-
15 ed by adding at the end the following new para-
16 graph:

17 “(13) RECONTRIBUTIONS OF WITHDRAWALS
18 FOR HOME PURCHASES.—

19 “(A) GENERAL RULE.—

20 “(i) IN GENERAL.—Any individual
21 who received a qualified distribution may,
22 during the applicable period, make one or
23 more contributions in an aggregate amount
24 not to exceed the amount of such qualified
25 distribution to an eligible retirement plan

1 (as defined in paragraph (8)(B)) of which
2 such individual is a beneficiary and to
3 which a rollover contribution of such dis-
4 tribution could be made under subsection
5 (c) or section 403(a)(4), 403(b)(8), or
6 408(d)(3), as the case may be.

7 “(ii) TREATMENT OF REPAYMENTS.—
8 Rules similar to the rules of clauses (ii)
9 and (iii) of section 72(t)(11)(C) shall apply
10 for purposes of this subsection.

11 “(B) QUALIFIED DISTRIBUTION.—For
12 purposes of this paragraph, the term ‘qualified
13 distribution’ means any distribution—

14 “(i) described in section
15 401(k)(2)(B)(i)(IV), 403(b)(7)(A)(i)(V), or
16 403(b)(11)(B),

17 “(ii) which was to be used to purchase
18 or construct a principal residence in a
19 qualified disaster area, but which was not
20 so used on account of the qualified disaster
21 with respect to such area, and

22 “(iii) which was received during the
23 period beginning on the date which is 180
24 days before the first day of the incident pe-
25 riod of such qualified disaster and ending

1 on the date which is 30 days after the last
2 day of such incident period.

3 “(C) DEFINITIONS.—For purposes of this
4 paragraph—

5 “(i) the terms ‘qualified disaster’,
6 ‘qualified disaster area’, and ‘incident pe-
7 riod’ have the meaning given such terms
8 under section 72(t)(11), and

9 “(ii) the term ‘applicable period’ has
10 the meaning given such term under section
11 72(t)(8)(F).”.

12 (3) EFFECTIVE DATE.—The amendments made
13 by this subsection shall apply to recontributions of
14 withdrawals for home purchases with respect to dis-
15 asters the incident period (as defined in section
16 72(t)(11)(F)(ii) of the Internal Revenue Code of
17 1986, as added by this subsection) for which begins
18 on or after the date which is 30 days after the date
19 of the enactment of the Taxpayer Certainty and Dis-
20 aster Tax Relief Act of 2020.

21 (c) LOANS FROM QUALIFIED PLANS.—

22 (1) IN GENERAL.—Subsection (p) of section 72
23 is amended by adding at the end the following new
24 paragraph:

1 occurs during the period beginning on the
2 first day of the incident period of such
3 qualified disaster and ending on the date
4 which is 180 days after the last day of
5 such incident period, such due date may be
6 delayed for 1 year,

7 “(ii) any subsequent repayments with
8 respect to any such loan may be appro-
9 priately adjusted to reflect the delay in the
10 due date under clause (i) and any interest
11 accruing during such delay, and

12 “(iii) in determining the 5-year period
13 and the term of a loan under subpara-
14 graph (B) or (C) of paragraph (2), the pe-
15 riod described in clause (i) may be dis-
16 regarded.

17 “(C) DEFINITIONS.—For purposes of this
18 paragraph—

19 “(i) QUALIFIED INDIVIDUAL.—The
20 term ‘qualified individual’ means any indi-
21 vidual—

22 “(I) whose principal place of
23 abode at any time during the incident
24 period of any qualified disaster is lo-
25 cated in the qualified disaster area

1 with respect to such qualified disaster,
2 and

3 “(II) who has sustained an eco-
4 nomic loss by reason of such qualified
5 disaster.

6 “(ii) APPLICABLE PERIOD.—The ap-
7 plicable period with respect to any disaster
8 is the period—

9 “(I) beginning on the applicable
10 date with respect to such disaster, and

11 “(II) ending on the date that is
12 180 days after such applicable date.

13 “(iii) OTHER TERMS.—For purposes
14 of this paragraph—

15 “(I) the terms ‘applicable date’,
16 ‘qualified disaster’, ‘qualified disaster
17 area’, and ‘incident period’ have the
18 meaning given such terms under sub-
19 section (t)(11), and

20 “(II) the term ‘applicable period’
21 has the meaning given such term
22 under subsection (t)(8).”.

23 (2) EFFECTIVE DATE.—The amendment made
24 by paragraph (1) shall apply to plan loans made
25 with respect to disasters the incident period (as de-

1 fined in section 72(t)(11)(F)(ii) of the Internal Rev-
2 enue Code of 1986, as added by this subsection) for
3 which begins on or after the date which is 30 days
4 after the date of the enactment of the Taxpayer Cer-
5 tainty and Disaster Tax Relief Act of 2020.

6 (d) GAO REPORT.—The Comptroller General of the
7 United States shall submit a report to the Committees on
8 Finance and Health, Education, Labor and Pensions of
9 the Senate and the Committees on Ways and Means and
10 Education and Labor of the House of Representatives on
11 taxpayer utilization of the retirement disaster relief per-
12 mitted by the amendments made by this section and or
13 permitted by prior legislation, including a comparison of
14 utilization by higher and lower income taxpayers and
15 whether the \$22,000 threshold on distributions provides
16 adequate relief for taxpayers who suffer from a disaster.

17 **TITLE VI—EMPLOYER PLANS**

18 **SEC. 601. CREDIT FOR EMPLOYERS WITH RESPECT TO**

19 **MODIFIED SAFE HARBOR REQUIREMENTS.**

20 (a) IN GENERAL.—Subpart D of part IV of sub-
21 chapter A of chapter 1, as amended by this Act, is further
22 amended by adding at the end the following new section:

1 **“SEC. 45V. CREDIT FOR SMALL EMPLOYERS WITH RESPECT**
2 **TO MODIFIED SAFE HARBOR REQUIREMENTS**
3 **FOR AUTOMATIC CONTRIBUTION ARRANGE-**
4 **MENTS.**

5 “(a) GENERAL RULE.—For purposes of section 38,
6 in the case of a small employer, the safe harbor adoption
7 credit determined under this section for any taxable year
8 is the amount equal to the total of the employer’s match-
9 ing contributions under section 401(k)(16)(D) during the
10 taxable year on behalf of employees who are not highly
11 compensated employees.

12 “(b) LIMITATIONS.—

13 “(1) LIMITATION WITH RESPECT TO COM-
14 PENSATION.—The credit determined under sub-
15 section (a) with respect to contributions made on be-
16 half of any employee shall not exceed 2 percent of
17 the compensation of such employee for the taxable
18 year.

19 “(2) LIMITATION WITH RESPECT TO YEARS OF
20 PARTICIPATION.—A credit shall be determined under
21 subsection (a) with respect to contributions made on
22 behalf of any employee only during the first 5 years
23 such employee participates in the secure deferral ar-
24 rangement.

25 “(c) DEFINITIONS.—

1 “(1) IN GENERAL.—Any term used in this sec-
2 tion which is also used in section 401(k)(16) shall
3 have the same meaning as when used in such sec-
4 tion.

5 “(2) SMALL EMPLOYER.—The term ‘small em-
6 ployer’ means an eligible employer (as defined in
7 section 408(p)(2)(C)(i)).

8 “(d) SPECIAL RULES.—

9 “(1) AGGREGATION RULES.—For purposes of
10 this section, all persons treated as a single employer
11 under subsection (a) or (b) of section 52, or sub-
12 section (m) or (o) of section 414, shall be treated as
13 one person and all plans of the employer shall be
14 treated as 1 eligible plan.

15 “(2) DENIAL OF DOUBLE BENEFIT.—No deduc-
16 tion shall be allowable under this title for any con-
17 tribution with respect to which a credit is allowed
18 under this section.

19 “(3) ELECTION NOT TO CLAIM CREDIT.—This
20 section shall not apply to a taxpayer for any taxable
21 year if such taxpayer elects to have this section not
22 apply for such taxable year.”.

23 (b) CREDIT TO BE PART OF GENERAL BUSINESS
24 CREDIT.—Subsection (b) of section 38, as amended by
25 this Act, is further amended by striking “plus” at the end

1 of paragraph (33), by striking the period at the end of
2 paragraph (34) and inserting “, plus”, and by adding at
3 the end the following new paragraph:

4 “(35) the safe harbor adoption credit deter-
5 mined under section 45V.”.

6 (c) TREATMENT OF CREDIT FOR CERTIFIED PRO-
7 FESSIONAL EMPLOYER ORGANIZATIONS.—Paragraph (2)
8 of section 3511(d), as amended by this Act, is further
9 amended—

10 (1) by redesignating subparagraphs (G), (H),
11 and (I) as subparagraphs (H), (I), and (J), respec-
12 tively, and

13 (2) by inserting after subparagraph (F) the fol-
14 lowing new subparagraph:

15 “(G) section 45V (safe harbor adoption
16 credit),”.

17 (d) CLERICAL AMENDMENT.—The table of sections
18 for subpart D of part IV of subchapter A of chapter 1,
19 as amended by this Act, is further amended by inserting
20 after the item relating to section 45U the following new
21 item:

“Sec. 45V. Credit for small employers with respect to modified safe harbor re-
quirements for automatic contribution arrangements.”.

22 (e) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to taxable years which include any
24 portion of a plan year beginning after December 31, 2023.

1 **SEC. 602. APPLICATION OF TOP HEAVY RULES TO DEFINED**
2 **CONTRIBUTION PLANS COVERING EXCLUD-**
3 **ABLE EMPLOYEES.**

4 (a) IN GENERAL.—Paragraph (2) of section 416(c)
5 is amended by adding at the end the following new sub-
6 paragraph:

7 “(C) APPLICATION TO EMPLOYEES NOT
8 MEETING AGE AND SERVICE REQUIREMENTS.—
9 Any employees not meeting the age or service
10 requirements of section 410(a)(1) (without re-
11 gard to subparagraph (B) thereof) may be ex-
12 cluded from consideration in determining
13 whether any plan of the employer meets the re-
14 quirements of subparagraphs (A) and (B).”.

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

18 **SEC. 603. INCREASE IN CREDIT LIMITATION FOR SMALL**
19 **EMPLOYER PENSION PLAN STARTUP COSTS**
20 **OF CERTAIN EMPLOYERS.**

21 (a) IN GENERAL.—Subsection (a) of section 45E is
22 amended by inserting before the period at the end the fol-
23 lowing: “(75 percent of such costs in the case of an eligible
24 employer, as determined by substituting ‘25’ for ‘100’ in
25 section 408(p)(2)(C)(i))”.

1 (b) TREATMENT OF CREDIT FOR CERTIFIED PRO-
2 FESSIONAL EMPLOYER ORGANIZATIONS.—Paragraph (2)
3 of section 3511(d), as amended by this Act, is further
4 amended—

5 (1) by redesignating subparagraphs (E), (F),
6 (G), (H), (I), and (J) as subparagraphs (F), (G),
7 (H), (I), (J), and (K), respectively, and

8 (2) by inserting after subparagraph (D) the fol-
9 lowing new subparagraph:

10 “(E) section 45E (small employer pension
11 plan startup cost credit),”.

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

15 **SEC. 604. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**
16 **RESOLUTION SYSTEM.**

17 (a) IN GENERAL.—Except as otherwise provided in
18 guidance prescribed by the Secretary of the Treasury or
19 the Secretary’s delegate (referred to in this section as the
20 “Secretary”), any eligible inadvertent failure to comply
21 with the rules applicable under section 401(a), 403(a),
22 403(b), 408(p), or 408(k) of the Internal Revenue Code
23 of 1986 may be self-corrected under the Employee Plans
24 Compliance Resolution System (as described in Revenue
25 Procedure 2021–30 or any successor guidance, and here-

1 after referred to in this section as the “EPCRS”), except
2 to the extent that such failure was identified by the Sec-
3 retary prior to any actions which demonstrate a commit-
4 ment to implement a self-correction. Revenue Procedure
5 2021–30 is deemed amended as of the date of the enact-
6 ment of this Act to provide that, except as otherwise pro-
7 vided under such Code or other guidance prescribed by
8 the Secretary, the correction period under section 9.02 of
9 such Revenue Procedure (or any successor guidance) for
10 an eligible inadvertent failure is indefinite and has no last
11 day, other than with respect to failures identified by the
12 Secretary prior to any self-correction as described in the
13 preceding sentence.

14 (b) LOAN ERRORS.—In the case of an eligible inad-
15 vertent failure relating to a loan from a plan to a partici-
16 pant, such failure may be self-corrected under subsection
17 (a) according to the rules of section 6.07 of Revenue Pro-
18 cedure 2021–30 (or any successor guidance), including the
19 provisions related to whether a deemed distribution must
20 be reported on Form 1099–R.

21 (c) EPCRS FOR IRAS.—The Secretary shall expand
22 the EPCRS to allow custodians of individual retirement
23 plans (as defined in section 7701(a)(37) of the Internal
24 Revenue Code of 1986) to address eligible inadvertent fail-

1 ures with respect to individual retirement plans (as so de-
2 fined), including—

3 (1) waivers of the excise tax which would other-
4 wise apply under section 4974 of the Internal Rev-
5 enue Code of 1986; and

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

14 (d) CORRECTION METHODS FOR ELIGIBLE INAD-
15 VERTENT FAILURES.—The Secretary shall issue guidance
16 on correction methods that are required to be used to cor-
17 rect eligible inadvertent failures, including general prin-
18 ciples of correction if a specific correction method is not
19 specified by the Secretary.

20 (e) ELIGIBLE INADVERTENT FAILURE.—For pur-
21 poses of this section—

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

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

4 (B) satisfy similar standards in the case of
5 an individual retirement plan.

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

11 (f) DEADLINE.—Any guidance, or revision to any
12 such guidance, required by this section shall be promul-
13 gated not later than the date which is 2 years after the
14 date of the enactment of this Act.

15 **SEC. 605. APPLICATION OF CREDIT FOR SMALL EMPLOYER**
16 **PENSION PLAN STARTUP COSTS TO EMPLOY-**
17 **ERS WHICH JOIN AN EXISTING PLAN.**

18 (a) IN GENERAL.—Section 45E(d)(3)(A) is amended
19 by striking “effective” and inserting “effective with re-
20 spect to the eligible employer”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section shall apply to eligible employer plans which
23 become effective with respect to the eligible employer after
24 the date of the enactment of this Act.

1 **SEC. 606. SAFE HARBOR FOR CORRECTIONS OF EMPLOYEE**
2 **ELECTIVE DEFERRAL FAILURES.**

3 The Secretary of the Treasury shall modify Appendix
4 A.05(8) of Revenue Procedure 2021-30 (the Employee
5 Plans Compliance Resolution System, or EPCRS) not
6 later than December 31, 2023—

7 (1) to provide that the special safe harbor cor-
8 rection method provided in Appendix A.05(8) for
9 failures related to automatic contribution features in
10 a section 401(k) plan or a section 403(b) plan is not
11 limited to failures that begin on or before December
12 31, 2023, and

13 (2) to clarify that EPCRS correction methods
14 for failures related to automatic contribution fea-
15 tures that require notices to a participant can be
16 satisfied without regard to whether the participant
17 remains employed at the time corrections are made.

18 **SEC. 607. REFORM OF FAMILY ATTRIBUTION RULE.**

19 (a) IN GENERAL.—Section 414 is amended—

20 (1) in subsection (b)—

21 (A) by striking “For purposes of” and in-
22 serting the following:

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

24 (B) by adding at the end the following new
25 paragraphs:

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

5 “(A) Community property laws shall be
6 disregarded for purposes of determining owner-
7 ship.

8 “(B) Except as provided by the Secretary,
9 stock of an individual not attributed under sec-
10 tion 1563(e)(5) to such individual’s spouse shall
11 not be attributed to such spouse by reason of
12 the combined application of paragraphs (1) and
13 (6)(A) of section 1563(e).

14 “(C) Except as provided by the Secretary,
15 in the case of stock in different corporations
16 that is attributed to a child under section
17 1563(e)(6)(A) from each parent, and is not at-
18 tributed to such parents as spouses under sec-
19 tion 1563(e)(5), such attribution to the child
20 shall not by itself result in such corporations
21 being members of the same controlled group.

22 “(3) PLAN SHALL NOT FAIL TO BE TREATED AS
23 SATISFYING THIS SECTION.—If application of para-
24 graph (2) causes 2 or more entities to be a con-
25 trolled group or to no longer be in a controlled

1 group, such change shall be treated as a transaction
2 to which section 410(b)(6)(C) applies.”, and

3 (2) in subsection (m)(6)(B)—

4 (A) by striking “OWNERSHIP.—In deter-
5 mining” and inserting the following: “OWNER-
6 SHIP.—

7 “(i) IN GENERAL.—In determining”,

8 (B) by adding at the end the following new
9 clauses:

10 “(ii) SPECIAL RULES FOR APPLYING
11 FAMILY ATTRIBUTION.—For purposes of
12 applying the attribution rules under section
13 318 with respect to clause (i), the following
14 rules apply:

15 “(I) Community property laws
16 shall be disregarded for purposes of
17 determining ownership.

18 “(II) Except as provided by the
19 Secretary, stock of an individual not
20 attributed under section
21 318(a)(1)(A)(i) to such individual’s
22 spouse shall not be attributed by rea-
23 son of the combined application of
24 paragraphs (1)(A)(ii) and (4) of sec-
25 tion 318(a) to such spouse from a

1 child who has not attained the age of
2 21 years.

3 “(III) Except as provided by the
4 Secretary, in the case of stock in dif-
5 ferent organizations which is attrib-
6 uted under section 318(a)(1)(A)(ii)
7 from each parent to a child who has
8 not attained the age of 21 years, and
9 is not attributed to such parents as
10 spouses under section 318(a)(1)(A)(i),
11 such attribution to the child shall not
12 by itself result in such organizations
13 being members of the same affiliated
14 service group.

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

23 (C) by striking “apply” in clause (i), as so
24 added, and inserting “apply, except that com-

1 munity property laws shall be disregarded for
2 purposes of determining ownership”.

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

6 **SEC. 608. CONTRIBUTION LIMIT FOR SIMPLE IRAS.**

7 (a) **IN GENERAL.**—Subparagraph (E) of section
8 408(p)(2) is amended—

9 (1) by striking “amount is” and all that follows
10 in clause (i) and inserting “dollar amount is—

11 “(I) \$16,500 in the case of an el-
12 igible employer described in clause
13 (iii) which had not more than 25 em-
14 ployees who received at least \$5,000
15 of compensation from the employer
16 for the preceding year,

17 “(II) \$16,500 in the case of an
18 eligible employer described in clause
19 (iii) which is not described in sub-
20 clause (I) and which elects, at such
21 time and in such manner as pre-
22 scribed by the Secretary, the applica-
23 tion of this subclause for the year,
24 and

1 “(III) \$10,000 in any other
2 case.”,

3 (2) by striking “ADJUSTMENT.—In the case of”
4 in clause (ii) and inserting “ADJUSTMENT.—

5 “(I) CERTAIN LARGE EMPLOY-
6 ERS.—In the case of”,

7 (3) by striking “clause (i)” in clause (ii) and in-
8 serting “clause (i)(III)”, and

9 (4) by adding at the end of clause (ii) the fol-
10 lowing new subclause:

11 “(II) OTHER EMPLOYERS.—In
12 the case of a year beginning after De-
13 cember 31, 2024, the Secretary shall
14 adjust annually the \$16,500 amount
15 in subclauses (I) and (II) of clause (i)
16 in the manner provided under sub-
17 clause (I) of this clause, except that
18 the base period taken into account
19 shall be the calendar quarter begin-
20 ning July 1, 2023.”.

21 (b) CATCH-UP CONTRIBUTIONS.—Paragraph (2) of
22 section 414(v) is amended—

23 (1) in subparagraph (B)—

1 (A) by striking “the applicable” in clause
2 (ii) and inserting “except as provided in clause
3 (iii), the applicable”; and

4 (B) by adding at the end the following new
5 clause:

6 “(iii) In the case of an applicable em-
7 ployer plan—

8 “(I) which is maintained by an
9 eligible employer described in section
10 408(p)(2)(E)(i)(I), or

11 “(II) to which an election under
12 section 408(p)(2)(E)(i)(II) applies for
13 the year (including a plan described in
14 section 401(k)(11) which is main-
15 tained by an eligible employer de-
16 scribed in section 408(p)(2)(E)(i)(II)
17 and to which such election applies by
18 reason of subparagraphs (B)(i)(I) and
19 (E) of section 401(k)(11)),

20 the applicable dollar amount is \$4,750.”,

21 and

22 (2) in subparagraph (C), as amended by this
23 Act, by striking “and the \$2,500 amount in sub-
24 paragraph (B)(ii)” and inserting “, the \$2,500

1 amount in subparagraph (B)(ii), and the \$4,750
2 amount in subparagraph (B)(iii)”.

3 (c) EMPLOYER MATCH.—Clause (ii) of section
4 408(p)(2)(C) is amended—

5 (1) by striking “The term” in subclause (I) and
6 inserting “Except as provided in subclause (IV), the
7 term”,

8 (2) by adding at the end the following new sub-
9 clause:

10 “(IV) SPECIAL RULE FOR ELECT-
11 ING LARGER EMPLOYERS.—In the
12 case of an employer which had more
13 than 25 employees who received at
14 least \$5,000 of compensation from the
15 employer for the preceding year, and
16 which makes the election under sub-
17 paragraph (E)(i)(II) for any year,
18 subclause (I) shall be applied for such
19 year by substituting ‘4 percent’ for ‘3
20 percent’.”, and

21 (3) by striking “3 percent” each place it ap-
22 pears in subclauses (II) and (III) and inserting “the
23 applicable percentage”.

24 (d) INCREASE IN NONELECTIVE EMPLOYER CON-
25 TRIBUTION FOR ELECTING LARGER EMPLOYERS.—Sub-

1 paragraph (B) of section 408(p)(2) is amended by adding
2 at the end the following new clause:

3 “(iii) SPECIAL RULE FOR ELECTING
4 LARGER EMPLOYERS.—In the case of an
5 employer which had more than 25 employ-
6 ees who received at least \$5,000 of com-
7 pensation from the employer for the pre-
8 ceding year, and which makes the election
9 under subparagraph (E)(i)(II) for any
10 year, clause (i) shall be applied for such
11 year by substituting ‘3 percent’ for ‘2 per-
12 cent’.”.

13 (e) TRANSITION RULE.—Paragraph (2) of section
14 408(p), as amended by this Act, is further amended by
15 adding at the end the following new subparagraph:

16 “(H) 2-YEAR GRACE PERIOD.—An eligible
17 employer which had not more than 25 employ-
18 ees who received at least \$5,000 of compensa-
19 tion from the employer for 1 or more years, and
20 which has more than 25 such employees for any
21 subsequent year, shall be treated for purposes
22 of subparagraph (E)(i) as having 25 such em-
23 ployees for the 2 years following the last year
24 the employer had not more than 25 such em-
25 ployees, and not as having made the election

1 under subparagraph (E)(i)(II) for such 2 years.
2 Rules similar to the second sentence of sub-
3 paragraph (C)(i)(II) shall apply for purposes of
4 this subparagraph.”.

5 (f) AMENDMENTS APPLY ONLY IF EMPLOYER HAS
6 NOT HAD ANOTHER PLAN WITHIN 3 YEARS.—Subpara-
7 graph (E) of section 408(p)(2), as amended by subsection
8 (a), is further amended by adding at the end the following
9 new clause:

10 “(iii) EMPLOYER HAS NOT HAD AN-
11 OTHER PLAN WITHIN 3 YEARS.—An eligi-
12 ble employer is described in this clause
13 only if, during the 3-taxable-year period
14 immediately preceding the 1st year the em-
15 ployer maintains the qualified salary re-
16 duction arrangement under this paragraph,
17 neither the employer nor any member of
18 any controlled group including the em-
19 ployer (or any predecessor of either) estab-
20 lished or maintained any plan described in
21 clause (i), (ii), or (iv) of section
22 219(g)(5)(A) with respect to which con-
23 tributions were made, or benefits were ac-
24 crued, for substantially the same employees

1 as are eligible to participate in such quali-
2 fied salary reduction arrangement.”.

3 (g) CONFORMING AMENDMENTS RELATING TO SIM-
4 PLE 401(k)s.—

5 (1) Subclause (I) of section 401(k)(11)(B)(i) is
6 amended by inserting “(after the application of any
7 election under section 408(p)(2)(E)(i)(II))” before
8 the comma.

9 (2) Paragraph (11) of section 401(k) is amend-
10 ed by adding at the end the following new subpara-
11 graph:

12 “(E) EMPLOYERS ELECTING INCREASED
13 CONTRIBUTIONS.—In the case of an employer
14 which applies an election under section
15 408(p)(2)(E)(i)(II) for purposes of the con-
16 tribution requirements of this paragraph under
17 subparagraph (B)(i)(I), rules similar to the
18 rules of subparagraphs (B)(iii), (C)(ii)(IV), and
19 (G) of section 408(p)(2) shall apply for pur-
20 poses of subparagraphs (B)(i)(II) and (B)(ii) of
21 this paragraph.”.

22 (h) PLAN FORMS TO BE SHARED WITH SEC-
23 RETARY.—

1 (1) IN GENERAL.—Subsection (p) of section
2 408 is amended by adding at the end the following
3 new paragraph:

4 “(11) PLAN ARRANGEMENT TO BE SHARED
5 WITH SECRETARY.—The trustee or issuer (in the
6 case of an individual retirement annuity) of a simple
7 retirement account shall provide to the Secretary, at
8 the time the qualified salary reduction arrangement
9 is established (or not later than December 31, 2024,
10 in the case of arrangements in effect on the date of
11 the enactment of this paragraph), a copy of the writ-
12 ten arrangement described in paragraph (2)(A).”.

13 (2) SIMPLE 401(K)S.—Paragraph (11) of section
14 401(k), as amended by this section, is further
15 amended by adding at the end the following new
16 subparagraph:

17 “(F) PLAN ARRANGEMENT TO BE SHARED
18 WITH SECRETARY.—The plan administrator of
19 a cash and deferred arrangement under this
20 paragraph shall provide to the Secretary, at the
21 time the arrangement is established (or not
22 later than December 31, 2024, in the case of
23 arrangements in effect on the date of the enact-
24 ment of this paragraph), a written copy of the
25 arrangement.”.

1 (i) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2023.

4 (j) REPORTS BY SECRETARY.—

5 (1) IN GENERAL.—The Secretary of the Treas-
6 ury shall, not later than December 31, 2024, and
7 annually thereafter, report to the Committees on Fi-
8 nance and Health, Education, Labor, and Pensions
9 of the Senate and the Committees on Ways and
10 Means and Education and Labor of the House of
11 Representatives on the data described in paragraph
12 (2), together with any recommendations the Sec-
13 retary deems appropriate.

14 (2) DATA DESCRIBED.—For purposes of the re-
15 port required under paragraph (1), the Secretary of
16 the Treasury shall collect data and information on—

17 (A) the number of plans described in sec-
18 tion 408(p) or 401(k)(11) of the Internal Rev-
19 enue Code of 1986 that are maintained or es-
20 tablished during a year;

21 (B) the number of participants eligible to
22 participate in such plans for such year;

23 (C) median contribution amounts for the
24 participants described in subparagraph (B);

1 (D) the types of investments that are most
2 common under such plans; and

3 (E) the fee levels charged in connection
4 with the maintenance of accounts under such
5 plans.

6 Such data and information shall be collected sepa-
7 rately for each type of plan. For purposes of col-
8 lecting such data, the Secretary of the Treasury may
9 use such data as is otherwise available to the Sec-
10 retary for publication and may use such approaches
11 as are appropriate under the circumstances, includ-
12 ing the use of voluntary surveys and collaboration on
13 studies.

14 **SEC. 609. EMPLOYERS ALLOWED TO REPLACE SIMPLE RE-**
15 **TIREMENT ACCOUNTS WITH SAFE HARBOR**
16 **401(k) PLANS DURING A YEAR.**

17 (a) IN GENERAL.—Section 408(p), as amended by
18 this Act, is further amended by adding at the end the fol-
19 lowing new paragraph:

20 “(12) REPLACEMENT OF SIMPLE RETIREMENT
21 ACCOUNTS WITH SAFE HARBOR PLANS DURING PLAN
22 YEAR.—

23 “(A) IN GENERAL.—Subject to the re-
24 quirements of this paragraph, an employer may
25 elect (in such form and manner as the Sec-

1 retary may prescribe) at any time during a year
2 to terminate the qualified salary reduction ar-
3 rangement under paragraph (2), but only if the
4 employer establishes and maintains (as of the
5 day after the termination date) a safe harbor
6 plan to replace the terminated arrangement.

7 “(B) COMBINED LIMITS ON CONTRIBU-
8 TIONS.—The terminated arrangement and safe
9 harbor plan shall both be treated as violating
10 the requirements of paragraph (2)(A)(ii) or sec-
11 tion 401(a)(30) (whichever is applicable) if the
12 aggregate elective contributions of the employee
13 under the terminated arrangement during its
14 last plan year and under the safe harbor plan
15 during its transition year exceed the sum of—

16 “(i) the applicable dollar amount for
17 such arrangement (determined on a full-
18 year basis) under this subsection (after the
19 application of section 414(v)) with respect
20 to the employee for such last plan year
21 multiplied by a fraction equal to the num-
22 ber of days in such plan year divided by
23 365, and

24 “(ii) the applicable dollar amount (as
25 so determined) under section 402(g)(1) for

1 such safe harbor plan on such elective con-
2 tributions during the transition year multi-
3 plied by a fraction equal to the number of
4 days in such transition year divided by
5 365.

6 “(C) TRANSITION YEAR.—For purposes of
7 this paragraph, the transition year is the period
8 beginning after the termination date and ending
9 on the last day of the calendar year during
10 which the termination occurs.

11 “(D) SAFE HARBOR PLAN.—For purposes
12 of this paragraph, the term ‘safe harbor plan’
13 means a qualified cash or deferred arrangement
14 which meets the requirements of paragraph
15 (11), (12), (13), or (16) of section 401(k).”.

16 (b) WAIVER OF 2-YEAR WITHDRAWAL LIMITATION
17 IN CASE OF PLANS CONVERTING TO 401(k) OR 403(b).—

18 (1) IN GENERAL.—Paragraph (6) of section
19 72(t) is amended—

20 (A) by striking “ACCOUNTS.—In the case
21 of” and inserting “ACCOUNTS.—

22 “(A) IN GENERAL.—In the case of”, and

23 (B) by adding at the end the following new
24 subparagraph:

1 “(B) WAIVER IN CASE OF PLAN CONVER-
2 SION TO 401(k) OR 403(b).—In the case of an
3 employee of an employer which terminates the
4 qualified salary reduction arrangement of the
5 employer under section 408(p) and establishes
6 a qualified cash or deferred arrangement de-
7 scribed in section 401(k) or purchases annuity
8 contracts described in section 403(b), subpara-
9 graph (A) shall not apply to any amount which
10 is paid in a rollover contribution described in
11 section 408(d)(3) into a qualified trust under
12 section 401(k) (but only if such contribution is
13 subsequently subject to the rules of section
14 401(k)(2)(B)) or an annuity contract described
15 in section 403(b) (but only if such contribution
16 is subsequently subject to the rules of section
17 403(b)(11)) for the benefit of the employee.”.

18 (2) CONFORMING AMENDMENT.—Subparagraph
19 (G) of section 408(d)(3) is amended by striking
20 “72(t)(6)” and inserting “72(t)(6)(A)”.

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

1 **SEC. 610. STARTER 401(k) PLANS FOR EMPLOYERS WITH NO**
2 **RETIREMENT PLAN.**

3 (a) IN GENERAL.—Section 401(k), as amended by
4 this Act, is further amended by adding at the end the fol-
5 lowing new paragraph:

6 “(17) STARTER 401(k) DEFERRAL-ONLY PLANS
7 FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

8 “(A) IN GENERAL.—A starter 401(k) de-
9 ferral-only arrangement maintained by an eligi-
10 ble employer shall be treated as meeting the re-
11 quirements of paragraph (3)(A)(ii).

12 “(B) STARTER 401(k) DEFERRAL-ONLY
13 ARRANGEMENT.—For purposes of this para-
14 graph, the term ‘starter 401(k) deferral-only
15 arrangement’ means any cash or deferred ar-
16 rangement which meets—

17 “(i) the automatic deferral require-
18 ments of subparagraph (C),

19 “(ii) the contribution limitations of
20 subparagraph (D), and

21 “(iii) the requirements of subpara-
22 graph (E) of paragraph (13).

23 “(C) AUTOMATIC DEFERRAL.—

24 “(i) IN GENERAL.—The requirements
25 of this subparagraph are met if, under the
26 arrangement, each eligible employee is

1 treated as having elected to have the em-
2 ployer make elective contributions in an
3 amount equal to a qualified percentage of
4 compensation.

5 “(ii) ELECTION OUT.—The election
6 treated as having been made under clause
7 (i) shall cease to apply with respect to any
8 employee if such employee makes an af-
9 firmative election—

10 “(I) to not have such contribu-
11 tions made, or

12 “(II) to make elective contribu-
13 tions at a level specified in such af-
14 firmative election.

15 “(iii) QUALIFIED PERCENTAGE.—For
16 purposes of this subparagraph, the term
17 ‘qualified percentage’ means, with respect
18 to any employee, any percentage deter-
19 mined under the arrangement if such per-
20 centage is applied uniformly and is not less
21 than 3 or more than 15 percent.

22 “(D) CONTRIBUTION LIMITATIONS.—

23 “(i) IN GENERAL.—The requirements
24 of this subparagraph are met if, under the
25 arrangement—

1 “(I) the only contributions which
2 may be made are elective contribu-
3 tions of employees described in sub-
4 paragraph (C), and

5 “(II) the aggregate amount of
6 such elective contributions which may
7 be made with respect to any employee
8 for any calendar year shall not exceed
9 \$6,000.

10 “(ii) COST-OF-LIVING ADJUSTMENT.—
11 In the case of any calendar year beginning
12 after December 31, 2024, the \$6,000
13 amount under clause (i) shall be adjusted
14 in the same manner as under section
15 402(g)(4), except that ‘2023’ shall be sub-
16 stituted for ‘2005’.

17 “(iii) CATCH-UP CONTRIBUTIONS FOR
18 INDIVIDUALS AGE 50 OR OVER.—In the
19 case of an individual who has attained the
20 age of 50 before the close of the taxable
21 year, the limitation under clause (i)(II)
22 shall be increased by the applicable amount
23 determined under section 219(b)(5)(B)(ii)
24 (after the application of section
25 219(b)(5)(C)(iii)).

1 “(E) ELIGIBLE EMPLOYER.—For purposes
2 of this paragraph—

3 “(i) IN GENERAL.—The term ‘eligible
4 employer’ means any employer if the em-
5 ployer does not maintain a qualified plan
6 with respect to which contributions are
7 made, or benefits are accrued, for service
8 in the year for which the determination is
9 being made. If only individuals other than
10 employees described in subparagraph (A)
11 of section 410(b)(3) are eligible to partici-
12 pate in such arrangement, then the pre-
13 ceding sentence shall be applied without
14 regard to any qualified plan in which only
15 employees described in such subparagraph
16 are eligible to participate.

17 “(ii) RELIEF FOR ACQUISITIONS,
18 ETC.—Rules similar to the rules of section
19 408(p)(10) shall apply for purposes of
20 clause (i).

21 “(iii) QUALIFIED PLAN.—The term
22 ‘qualified plan’ means a plan, contract,
23 pension, account, or trust described in sub-
24 paragraph (A) or (B) of paragraph (5) of
25 section 219(g) (determined without regard

1 to the last sentence of such paragraph
2 (5)).

3 “(F) ELIGIBLE EMPLOYEE.—For purposes
4 of this paragraph—

5 “(i) IN GENERAL.—The term ‘eligible
6 employee’ means any employee of the em-
7 ployer who meets the minimum age and
8 service conditions described in section
9 410(a)(1).

10 “(ii) EXCLUSIONS.—The employer
11 may elect to exclude from such definition
12 any employee described in paragraph (3)
13 or (4) of section 410(b).”.

14 (b) CERTAIN ANNUITY CONTRACTS.—Subsection (b)
15 of section 403, as amended by this Act, is further amended
16 by adding at the end the following new paragraph:

17 “(17) SAFE HARBOR DEFERRAL-ONLY PLANS
18 FOR EMPLOYERS WITH NO RETIREMENT PLAN.—

19 “(A) IN GENERAL.—A safe harbor defer-
20 ral-only plan maintained by an eligible employer
21 shall be treated as meeting the requirements of
22 paragraph (12).

23 “(B) SAFE HARBOR DEFERRAL-ONLY
24 PLAN.—For purposes of this paragraph, the

1 term ‘safe harbor deferral-only plan’ means any
2 plan which meets—

3 “(i) the automatic deferral require-
4 ments of subparagraph (C),

5 “(ii) the contribution limitations of
6 subparagraph (D), and

7 “(iii) the requirements of subpara-
8 graph (E) of section 401(k)(13).

9 “(C) AUTOMATIC DEFERRAL.—

10 “(i) IN GENERAL.—The requirements
11 of this subparagraph are met if, under the
12 plan, each eligible employee is treated as
13 having elected to have the employer make
14 elective contributions in an amount equal
15 to a qualified percentage of compensation.

16 “(ii) ELECTION OUT.—The election
17 treated as having been made under clause
18 (i) shall cease to apply with respect to any
19 eligible employee if such eligible employee
20 makes an affirmative election—

21 “(I) to not have such contribu-
22 tions made, or

23 “(II) to make elective contribu-
24 tions at a level specified in such af-
25 firmative election.

1 “(iii) QUALIFIED PERCENTAGE.—For
2 purposes of this subparagraph, the term
3 ‘qualified percentage’ means, with respect
4 to any employee, any percentage deter-
5 mined under the plan if such percentage is
6 applied uniformly and is not less than 3 or
7 more than 15 percent.

8 “(D) CONTRIBUTION LIMITATIONS.—

9 “(i) IN GENERAL.—The requirements
10 of this subparagraph are met if, under the
11 plan—

12 “(I) the only contributions which
13 may be made are elective contribu-
14 tions of eligible employees, and

15 “(II) the aggregate amount of
16 such elective contributions which may
17 be made with respect to any employee
18 for any calendar year shall not exceed
19 \$6,000.

20 “(ii) COST-OF-LIVING ADJUSTMENT.—

21 In the case of any calendar year beginning
22 after December 31, 2024, the \$6,000
23 amount under clause (i) shall be adjusted
24 in the same manner as under section

1 402(g)(4), except that ‘2023’ shall be sub-
2 stituted for ‘2005’.

3 “(iii) CATCH-UP CONTRIBUTIONS FOR
4 INDIVIDUALS AGE 50 OR OVER.—In the
5 case of an individual who has attained the
6 age of 50 before the close of the taxable
7 year, the limitation under clause (i)(II)
8 shall be increased by the applicable amount
9 determined under section 219(b)(5)(B)(ii)
10 (after the application of section
11 219(b)(5)(C)(iii)).

12 “(E) ELIGIBLE EMPLOYER.—For purposes
13 of this paragraph—

14 “(i) IN GENERAL.—The term ‘eligible
15 employer’ means any employer if the em-
16 ployer does not maintain a qualified plan
17 with respect to which contributions are
18 made, or benefits are accrued, for service
19 in the year for which the determination is
20 being made. If only individuals other than
21 employees described in subparagraph (A)
22 of section 410(b)(3) are eligible to partici-
23 pate in such arrangement, then the pre-
24 ceding sentence shall be applied without
25 regard to any qualified plan in which only

1 employees described in such subparagraph
2 are eligible to participate.

3 “(ii) RELIEF FOR ACQUISITIONS,
4 ETC.—Rules similar to the rules of section
5 408(p)(10) shall apply for purposes of
6 clause (i).

7 “(iii) QUALIFIED PLAN.—The term
8 ‘qualified plan’ means a plan, contract,
9 pension, account, or trust described in sub-
10 paragraph (A) or (B) of paragraph (5) of
11 section 219(g) (determined without regard
12 to the last sentence of such paragraph
13 (5)).

14 “(F) ELIGIBLE EMPLOYEE.—For purposes
15 of this paragraph, the term ‘eligible employee’
16 means any employee of the employer other than
17 an employee who is permitted to be excluded
18 under paragraph (12)(A).”.

19 (c) STARTER AND SAFE HARBOR PLANS NOT
20 TREATED AS TOP-HEAVY PLANS.—Subparagraph (H) of
21 section 416(g)(4), as amended by this Act, is further
22 amended—

23 (1) by striking “ARRANGEMENTS” in the head-
24 ing and inserting “ARRANGEMENTS OR PLANS”,

1 (2) by striking “, and” at the end of clause (i)
2 and inserting “and matching contributions with re-
3 spect to which the requirements of paragraph (11),
4 (12), or (13) of section 401(m) are met, or”, and
5 (3) by striking clause (ii) and inserting after
6 clause (i) the following new clause:

7 “(ii) a starter 401(k) deferral-only ar-
8 rangement described in section
9 401(k)(17)(B) or a safe harbor deferral-
10 only plan described in section
11 403(b)(17).”.

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

15 **SEC. 611. CREDIT FOR SMALL EMPLOYERS THAT ADAPT AN**
16 **AUTOMATIC PORTABILITY ARRANGEMENT.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-
18 chapter A of chapter 1, as amended by this Act, is further
19 amended by adding at the end the following new section:

20 **“SEC. 45W. EMPLOYER AUTOMATIC PORTABILITY AR-**
21 **RANGEMENT CREDIT.**

22 “(a) IN GENERAL.—For purposes of section 38, in
23 the case of an eligible employer, the automatic portability
24 arrangement credit determined under this section for the
25 adoption year is an amount equal to \$500.

1 “(b) ELIGIBLE EMPLOYER.—For purposes of this
2 section, the term ‘eligible employer’ has the meaning given
3 the term by section 408(p)(2)(C)(i) (without regard to
4 subclause (II) thereof).

5 “(c) ADOPTION YEAR.—For purposes of this sec-
6 tion—

7 “(1) IN GENERAL.—The term ‘adoption year’
8 means the taxable year during which the eligible em-
9 ployer first adopts an automatic portability arrange-
10 ment as part of an eligible plan maintained by the
11 employer.

12 “(2) AUTOMATIC PORTABILITY ARRANGE-
13 MENT.—

14 “(A) IN GENERAL.—The term ‘automatic
15 portability arrangement’ means an arrangement
16 providing for automatic portability transactions.

17 “(B) AUTOMATIC PORTABILITY TRANS-
18 ACTION.—The term ‘automatic portability
19 transaction’ means a transaction in which
20 amounts distributed pursuant to section
21 401(a)(31)(B)(i) from a plan to an individual
22 retirement plan established on behalf of an indi-
23 vidual are subsequently transferred to an eligi-
24 ble plan in which such individual is an active
25 participant, after such individual has been given

1 advance notice of the transfer and has not af-
2 firmatively opted out of such transfer.

3 “(3) ELIGIBLE PLAN.—The term ‘eligible plan’
4 means a qualified employer plan as defined in sec-
5 tion 4972(d)(1), other than a defined benefit plan.”.

6 (b) CREDIT TO BE PART OF GENERAL BUSINESS
7 CREDIT.—Subsection (b) of section 38, as amended by
8 this Act, is further amended by striking “plus” at the end
9 of paragraph (34), by striking the period at the end of
10 paragraph (35) and inserting “, plus”, and by adding at
11 the end the following new paragraph:

12 “(36) in the case of an eligible employer (as de-
13 fined in section 45W(b)), the automatic portability
14 arrangement credit determined under section
15 45W(a).”.

16 (c) CLERICAL AMENDMENT.—The table of sections
17 for subpart D of part IV of subchapter A of chapter 1,
18 as amended by this Act, is further amended by adding
19 at the end the following new item:

“Sec. 45W. Employer automatic portability arrangement credit.”.

20 (d) EFFECTIVE DATE.—The amendments made by
21 this section shall apply to taxable years beginning after
22 the date of the enactment of this Act.

1 **SEC. 612. RE-ENROLLMENT CREDIT.**

2 (a) IN GENERAL.—Subpart D of part IV of sub-
3 chapter A of chapter 1, as amended by this Act, is further
4 amended by adding at the end the following new section:

5 **“SEC. 45X. CREDIT FOR RE-ENROLLMENT PROVISIONS IN**
6 **PLANS PROVIDED BY SMALL EMPLOYERS.**

7 “(a) IN GENERAL.—For purposes of section 38, in
8 the case of an eligible employer, the retirement re-enroll-
9 ment credit determined under this section for any taxable
10 year is an amount equal to—

11 “(1) \$500 for any taxable year occurring during
12 the credit period, and

13 “(2) zero for any other taxable year.

14 “(b) CREDIT PERIOD.—For purposes of subsection
15 (a)—

16 “(1) IN GENERAL.—The credit period with re-
17 spect to any eligible employer is the 3-taxable-year
18 period beginning with the first taxable year for
19 which the employer includes a re-enrollment provi-
20 sion in an eligible automatic contribution arrange-
21 ment (as defined in section 414(w)(3)) in a qualified
22 employer plan (as defined in section 4972(d)) main-
23 tained by the employer.

24 “(2) MAINTENANCE OF ARRANGEMENT.—No
25 taxable year with respect to an employer shall be
26 treated as occurring within the credit period unless

1 the provision described in paragraph (1) is included
2 in the plan for such year.

3 “(c) ELIGIBLE EMPLOYER.—For purposes of this
4 section, the term ‘eligible employer’ has the meaning given
5 such term in section 408(p)(2)(C)(i).

6 “(d) RE-ENROLLMENT PROVISION.—For purposes of
7 this section, the term ‘re-enrollment provision’ means a
8 provision of an eligible automatic contribution arrange-
9 ment under which—

10 “(1) IN GENERAL.—Each employee eligible to
11 participate in the arrangement who is not contrib-
12 uting or is contributing less than the percentage ap-
13 plicable to an eligible employee in the first year of
14 eligibility is treated as being in such first year of eli-
15 gibility in each applicable year with respect to the
16 employee.

17 “(2) ELECTION OUT.—The election treated as
18 having been made under paragraph (1) shall cease
19 to apply with respect to any employee if such em-
20 ployee makes an affirmative election—

21 “(A) to not have such contributions made,
22 or

23 “(B) to make elective contributions at a
24 level specified in such affirmative election.

25 “(3) APPLICABLE YEAR EVERY THIRD YEAR.—

1 “(A) IN GENERAL.—For purposes of this
2 section, the term ‘applicable year’ means, with
3 respect to an employee, such employee’s first
4 plan year of eligibility under the arrangement,
5 and all subsequent plan years of eligibility.

6 “(B) EXCEPTION.—Following any applica-
7 ble year of an employee (determined after the
8 application of this subparagraph), the plan may
9 elect to treat the next 1 or 2 plan years as not
10 being applicable years with respect to such em-
11 ployee.”.

12 (b) CREDIT TO BE PART OF GENERAL BUSINESS
13 CREDIT.—Subsection (b) of section 38, as amended by
14 this Act, is further amended by striking “plus” at the end
15 of paragraph (35), by striking the period at the end of
16 paragraph (36) and inserting “, plus”, and by adding at
17 the end the following new paragraph:

18 “(37) in the case of an eligible employer (as de-
19 fined in section 45X(c)), the retirement re-enroll-
20 ment credit determined under section 45X(a).”.

21 (c) TREATMENT OF CREDIT FOR CERTIFIED PRO-
22 FESSIONAL EMPLOYER ORGANIZATIONS.—Paragraph (2)
23 of section 3511(d), as amended by this Act, is further
24 amended—

1 (1) by redesignating subparagraphs (H), (I),
2 (J), and (K) as subparagraphs (I), (J), (K), and (L)
3 respectively, and

4 (2) by inserting after subparagraph (G) the fol-
5 lowing new subparagraph:

6 “(H) section 45X (retirement re-enroll-
7 ment credit).”.

8 (d) CLERICAL AMENDMENT.—The table of sections
9 for subpart D of part IV of subchapter A of chapter 1,
10 as amended by this Act, is further amended by inserting
11 after the item relating to section 45W the following new
12 item:

“Sec. 45X. Credit for re-enrollment provisions in plans provided by small em-
ployers.”.

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

16 **SEC. 613. CORRECTIONS OF MORTALITY TABLES.**

17 (a) IN GENERAL.—Not later than 18 months after
18 the date of the enactment of this Act, the Secretary of
19 the Treasury (or the Secretary’s delegate) shall amend the
20 regulation relating to “Mortality Tables for Determining
21 Present Value Under Defined Benefit Pension Plans” (82
22 Fed. Reg. 46388 (October 5, 2017)). Under such amend-
23 ment, for valuation dates occurring during or after 2022,
24 such mortality improvement rates shall not assume future

1 mortality improvements at any age which are greater than
2 .78 percent. The Secretary of the Treasury (or delegate)
3 shall by regulation modify the .78 percent figure in the
4 preceding sentence as necessary to reflect material
5 changes in the overall rate of improvement projected by
6 the Social Security Administration.

7 (b) EFFECTIVE DATE.—The amendments required
8 under subsection (a) shall be deemed to have been made
9 as of the date of the enactment of this Act, and as of
10 such date all applicable laws shall be applied in all respects
11 as though the actions which the Secretary of the Treasury
12 (or the Secretary’s delegate) is required to take under
13 such subsection had been taken.

14 **SEC. 614. ENHANCING RETIREE HEALTH BENEFITS IN PEN-**
15 **SION PLANS.**

16 (a) EXTENSION OF TRANSFERS OF EXCESS PENSION
17 ASSETS TO RETIREE HEALTH ACCOUNTS.—Paragraph
18 (4) of section 420(b) is amended by striking “December
19 31, 2025” and inserting “December 31, 2032”.

20 (b) DE MINIMIS TRANSFER RULE.—

21 (1) IN GENERAL.—Subsection (e) of section
22 420 is amended by adding at the end the following
23 new paragraph:

24 “(7) SPECIAL RULE FOR DE MINIMIS TRANS-
25 FERS.—

1 “(A) IN GENERAL.—In the case of a trans-
2 fer of an amount which is not more than 1.75
3 percent of the amount determined under para-
4 graph (2)(A) by a plan which meets the re-
5 quirements of subparagraph (B), paragraph
6 (2)(B) shall be applied by substituting ‘110
7 percent’ for ‘125 percent’.

8 “(B) TWO-YEAR LOOKBACK REQUIRE-
9 MENT.—A plan is described in this subpara-
10 graph if, as of any valuation date in each of the
11 2 plan years immediately preceding the plan
12 year in which the transfer occurs, the amount
13 determined under paragraph (2)(A) exceeded
14 110 percent of the sum of the funding target
15 and the target normal cost determined under
16 section 430 for each such plan year.”.

17 (2) COST MAINTENANCE PERIOD.—Subpara-
18 graph (D) of section 420(c)(3) is amended by strik-
19 ing “5 taxable years” and inserting “5 taxable years
20 (7 taxable years in the case of a transfer to which
21 subsection (e)(7) applies)”.

22 (3) CONFORMING AMENDMENTS.—

23 (A) EXCESS PENSION ASSETS.—Clause (i)
24 of section 420(f)(2)(B) is amended—

1 (i) by striking “IN GENERAL.—In”

2 and inserting “IN GENERAL.—

3 “(I) DETERMINATION.—In”,

4 (ii) by striking “subsection (e)(2)”

5 and inserting “subsection (e)(2)(B)”, and

6 (iii) by adding at the end the fol-

7 lowing new subclause:

8 “(II) SPECIAL RULE FOR COL-

9 LECTIVELY BARGAINED TRANS-

10 FERS.—In determining excess pension

11 assets for purposes of a collectively

12 bargained transfer, subsection (e)(7)

13 shall not apply.”.

14 (B) MINIMUM COST.—Subclause (I) of sec-

15 tion 420(f)(2)(D)(i) is amended by striking

16 “4th year” and inserting “4th year (the 6th

17 year in the case of a transfer to which sub-

18 section (e)(7) applies)”.

19 (c) EFFECTIVE DATE.—The amendments made by

20 this section shall apply to transfers made after the date

21 of the enactment of this Act.

1 **SEC. 615. DEFERRAL OF TAX FOR CERTAIN SALES OF EM-**
2 **PLOYER STOCK TO EMPLOYEE STOCK OWN-**
3 **ERSHIP PLAN SPONSORED BY S CORPORA-**
4 **TION.**

5 (a) IN GENERAL.—Section 1042(c)(1)(A) is amended
6 by striking “domestic C corporation” and inserting “do-
7 mestic corporation”.

8 (b) 10 PERCENT LIMITATION ON APPLICATION OF
9 GAIN ON SALE OF S CORPORATION STOCK.—Section
10 1042 is amended by adding at the end the following new
11 subsection:

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

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

TITLE VII—NOTICES

2 SEC. 701. REVIEW AND REPORT TO CONGRESS RELATING 3 TO REPORTING AND DISCLOSURE REQUIRE- 4 MENTS.

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

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

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

18 (b) REPORT.—

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

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

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

1 “(bb) ELIMINATING UNNECESSARY PLAN REQUIRE-
2 MENTS RELATED TO UNENROLLED PARTICIPANTS.—

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

11 “(A) an annual reminder notice of such
12 participant’s eligibility to participate in such
13 plan and any applicable election deadlines under
14 the plan, and

15 “(B) any document requested by such par-
16 ticipant which the participant would be entitled
17 to receive notwithstanding this subsection.

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

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

23 “(B) has received—

24 “(i) the summary plan description
25 pursuant to section 104(b) of the Em-

1 ployee Retirement Income Security Act of
2 1974, and

3 “(ii) any other notices related to eligi-
4 bility under the plan which are required to
5 be furnished under this title or the Em-
6 ployee Retirement Income Security Act of
7 1974 in connection with such participant’s
8 initial eligibility to participate in such plan,

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

10 “(D) does not have an account balance in
11 the plan, and

12 “(E) satisfies such other criteria as the
13 Secretary may determine appropriate, as pre-
14 scribed in guidance issued in consultation with
15 the Secretary of Labor.

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

20 “(3) ANNUAL REMINDER NOTICE.—For pur-
21 poses of this subsection, the term ‘annual reminder
22 notice’ means the notice described in section 111(c)
23 of the Employee Retirement Income Security Act of
24 1974.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to plan years beginning after the
3 date of the enactment of this Act.

4 **TITLE VIII—TECHNICAL**
5 **MODIFICATIONS**

6 **SEC. 801. REPAYMENT OF QUALIFIED BIRTH OR ADOPTION**
7 **DISTRIBUTION LIMITED TO 3 YEARS.**

8 (a) IN GENERAL.—Section 72(t)(2)(H)(v)(I) is
9 amended by striking “may make” and inserting “may, at
10 any time during the 3-year period beginning on the day
11 after the date on which such distribution was received,
12 make”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall take effect as if included in the enact-
15 ment of section 113 of the Setting Every Community Up
16 for Retirement Enhancement Act of 2019.

17 **SEC. 802. AMENDMENTS RELATING TO SETTING EVERY**
18 **COMMUNITY UP FOR RETIREMENT ENHANCE-**
19 **MENT ACT OF 2019.**

20 (a) TECHNICAL AMENDMENTS.—

21 (1) AMENDMENTS RELATING TO SECTION
22 103.—Section 401(m)(12) is amended by striking
23 “and” at the end of subparagraph (A), by redesignig-
24 nating subparagraph (B) as subparagraph (C), and

1 by inserting after subparagraph (A) (as so amended)
2 the following new subparagraph:

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

5 (2) AMENDMENTS RELATING TO SECTION
6 112.—

7 (A) Section 401(k)(15)(B)(i)(II), as
8 amended by this Act, is further amended by
9 striking “subsection (m)(2)” and inserting
10 “paragraphs (2), (11), and (12) of subsection
11 (m)”.

12 (B) Section 401(k)(15)(B)(iii) is amended
13 by striking “under the arrangement” and in-
14 serting “under the plan”.

15 (C) Section 401(k)(15)(B)(iv) is amended
16 by striking “section 410(a)(1)(A)(ii)” and in-
17 serting “paragraph (2)(D)”.

18 (3) AMENDMENT RELATING TO SECTION 116.—

19 Section 4973(b) is amended by adding at the end of
20 the flush matter the following: “Such term shall not
21 include any designated nondeductible contribution
22 (as defined in subparagraph (C) of section
23 408(o)(2)) which does not exceed the nondeductible
24 limit under subparagraph (B) thereof by reason of
25 an election under section 408(o)(5).”.

1 (b) CLERICAL AMENDMENTS.—

2 (1) Section 72(t)(2)(H)(vi)(IV) is amended by
3 striking “403(b)(7)(A)(ii)” and inserting “
4 403(b)(7)(A)(i)”.

5 (2) Section 401(k)(12)(G) is amended by strik-
6 ing “the requirements under subparagraph (A)(i)”
7 and inserting “the contribution requirements under
8 subparagraph (B) or (C)”.

9 (3) Section 401(k)(13)(D)(iv) is amended by
10 striking “and (F)” and inserting “and (G)”.

11 (4) Section 408(o)(5)(A) is amended by striking
12 “subsection (b)” and inserting “section 219(b)”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 this section shall take effect as if included in section of
15 the Setting Every Community Up for Retirement En-
16 hancement Act of 2019 to which the amendment relates.

17 **SEC. 803. MODIFICATION OF REQUIRED MINIMUM DIS-**
18 **TRIBUTION RULES FOR SPECIAL NEEDS**
19 **TRUSTS.**

20 (a) IN GENERAL.—Section 401(a)(9)(H)(iv)(II) is
21 amended by striking “no individual” and inserting “no
22 beneficiary”.

23 (b) CONFORMING AMENDMENT.—Section
24 401(a)(9)(H)(v) is amended by adding at the end the fol-
25 lowing flush sentence:

1 “For purposes of the preceding sentence,
2 in the case of a trust the terms of which
3 are described in clause (iv)(II), any bene-
4 ficiary which is an organization described
5 in section 408(d)(8)(B)(i) shall be treated
6 as a designated beneficiary described in
7 subclause (II).”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to calendar years beginning after
10 the date of the enactment of this Act.

11 **TITLE IX—PLAN AMENDMENTS**

12 **SEC. 901. 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) to the extent provided by the Secretary of
20 the Treasury (or the Secretary’s delegate), such re-
21 tirement plan shall not fail to meet the requirements
22 of 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 X—TAX COURT**
4 **RETIREMENT PROVISIONS**

5 **SEC. 1001. PROVISIONS RELATING TO JUDGES OF THE TAX**
6 **COURT.**

7 (a) THRIFT SAVINGS PLAN CONTRIBUTIONS FOR
8 JUDGES IN THE FEDERAL EMPLOYEES RETIREMENT
9 SYSTEM.—

10 (1) IN GENERAL.—Subsection (j)(3)(B) of sec-
11 tion 7447 is amended to read as follows:

12 “(B) CONTRIBUTIONS FOR BENEFIT OF
13 JUDGE.—No contributions under section
14 8432(c) of title 5, United States Code, shall be
15 made for the benefit of a judge who has filed
16 an election to receive retired pay under sub-
17 section (e).”.

18 (2) OFFSET.—Paragraph (3) of section 7447(j)
19 is amended by adding at the end the following new
20 subparagraph:

21 “(F) OFFSET.—In the case of a judge who
22 receives a distribution from the Thrift Savings
23 Plan and who later receives retired pay under
24 subsection (d), the retired pay shall be offset by
25 an amount equal to the amount of the distribu-

1 tion which represents the Government’s con-
2 tribution to the individual’s Thrift Savings Ac-
3 count during years of service as a full-time judi-
4 cial officer under the Federal Employees Retirement
5 System, without regard to earnings attrib-
6 utable to such amount. Where such an offset
7 would exceed 50 percent of the retired pay to
8 be received in the first year, the offset may be
9 divided equally over the first 2 years in which
10 the individual receives the annuity.”.

11 (3) EFFECTIVE DATE.—The amendments made
12 by this subsection shall apply to basic pay earned
13 while serving as a judge of the United States Tax
14 Court on or after the date of the enactment of this
15 Act.

16 (b) CHANGE IN VESTING PERIOD FOR SURVIVOR AN-
17 NUITIES AND WAIVER OF VESTING PERIOD IN THE
18 EVENT OF ASSASSINATION.—

19 (1) ELIGIBILITY IN CASE OF DEATH.—Sub-
20 section (h) of section 7448 is amended to read as
21 follows:

22 “(h) ENTITLEMENT TO ANNUITY.—

23 “(1) IN GENERAL.—

24 “(A) ANNUITY TO SURVIVING SPOUSE.—If
25 a judge or special trial judge described in para-

1 graph (2) is survived by a surviving spouse but
2 not by a dependent child, there shall be paid to
3 such surviving spouse an annuity beginning
4 with the day of the death of the judge or special
5 trial judge or following the surviving spouse's
6 attainment of age 50, whichever is the later, in
7 an amount computed as provided in subsection
8 (m).

9 “(B) ANNUITY TO SURVIVING SPOUSE AND
10 CHILD.—If a judge or special trial judge de-
11 scribed in paragraph (2) is survived by a sur-
12 viving spouse and dependent child or children,
13 there shall be paid to such surviving spouse an
14 annuity, beginning on the day of the death of
15 the judge or special trial judge, in an amount
16 computed as provided in subsection (m), and
17 there shall also be paid to or on behalf of each
18 such child an immediate annuity equal to the
19 lesser of—

20 “(i) 10 percent of the average annual
21 salary of such judge or special trial judge
22 (determined in accordance with subsection
23 (m)), or

1 “(ii) 20 percent of such average an-
2 nual salary, divided by the number of such
3 children.

4 “(C) ANNUITY TO SURVIVING DEPENDENT
5 CHILDREN.—If a judge or special trial judge
6 described in paragraph (2) leaves no surviving
7 spouse but leaves a surviving dependent child or
8 children, there shall be paid to or on behalf of
9 each such child an immediate annuity equal to
10 the lesser of—

11 “(i) 20 percent of the average annual
12 salary of such judge or special trial judge
13 (determined in accordance with subsection
14 (m)), or

15 “(ii) 40 percent of such average an-
16 nual salary divided by the number of such
17 children.

18 “(2) COVERED JUDGES.—Paragraph (1) applies
19 to any judge or special trial judge electing under
20 subsection (b)—

21 “(A) who dies while a judge or special trial
22 judge after having rendered at least 18 months
23 of civilian service computed as prescribed in
24 subsection (n), for the last 18 months of which
25 the salary deductions provided for by subsection

1 (c)(1) or the deposits required by subsection (d)
2 have actually been made or the salary deduc-
3 tions required by the civil service retirement
4 laws have actually been made, or

5 “(B) who dies by assassination after hav-
6 ing rendered less than 18 months of civilian
7 service computed as prescribed in subsection (n)
8 if, for the period of such service, the salary de-
9 ductions provided for by subsection (c)(1) or
10 the deposits required by subsection (d) have ac-
11 tually been made.

12 “(3) TERMINATION OF ANNUITY.—

13 “(A) SURVIVING SPOUSE.—The annuity
14 payable to a surviving spouse under this sub-
15 section shall be terminable upon such surviving
16 spouse’s death or such surviving spouse’s re-
17 marriage before attaining age 55.

18 “(B) SURVIVING CHILD.—Any annuity
19 payable to a child under this subsection shall be
20 terminable upon the earliest of—

21 “(i) the child’s attainment of age 18,

22 “(ii) the child’s marriage, or

23 “(iii) the child’s death,

24 except that if such child is incapable of self-sup-
25 port by reason of mental or physical disability

1 the child's annuity shall be terminable only
2 upon death, marriage, or recovery from such
3 disability.

4 “(C) DEPENDENT CHILD AFTER DEATH
5 OF SURVIVING SPOUSE.—In case of the death of
6 a surviving spouse of a judge or special trial
7 judge leaving a dependent child or children of
8 the judge or special trial judge surviving such
9 spouse, the annuity of such child or children
10 shall be recomputed and paid as provided in
11 paragraph (1)(C).

12 “(D) RECOMPUTATION WITH RESPECT TO
13 OTHER DEPENDENT CHILDREN.—In any case
14 in which the annuity of a dependent child is
15 terminated under this subsection, the annuities
16 of any remaining dependent child or children
17 based upon the service of the same judge or
18 special trial judge shall be recomputed and paid
19 as though the child whose annuity was so ter-
20 minated had not survived such judge.

21 “(E) SPECIAL RULE FOR ASSASSINATED
22 JUDGES.—In the case of a survivor of a judge
23 or special trial judge described in paragraph
24 (2)(B), there shall be deducted from the annu-
25 ities otherwise payable under this section an

1 amount equal to the amount of salary deduc-
2 tions that would have been made if such deduc-
3 tions had been made for 18 months prior to the
4 death of the judge or special trial judge.”.

5 (2) DEFINITION OF ASSASSINATION.—Section
6 7448(a) is amended by adding at the end the fol-
7 lowing new paragraph:

8 “(10) The terms ‘assassinated’ and ‘assassina-
9 tion’ mean the killing of a judge or special trial
10 judge that is motivated by the performance by the
11 judge or special trial judge of his or her official du-
12 ties.”.

13 (3) DETERMINATION OF ASSASSINATION.—Sub-
14 section (i) of section 7448 is amended—

15 (A) by striking “OF DEPENDENCY AND
16 DISABILITY.—Questions” and inserting “BY
17 CHIEF JUDGE.—

18 “(1) DEPENDENCY AND DISABILITY.—Ques-
19 tions”, and

20 (B) by adding at the end the following new
21 paragraph:

22 “(2) ASSASSINATION.—The chief judge shall
23 determine whether the killing of a judge or special
24 trial judge was an assassination, subject to review
25 only by the Tax Court. The head of any Federal

1 agency that investigates the killing of a judge or
2 special trial judge shall provide to the chief judge
3 any information that would assist the chief judge in
4 making such a determination.”.

5 (4) COMPUTATION OF ANNUITIES.—Subsection
6 (m) of section 7448 is amended—

7 (A) by striking “ANNUITIES.—The annu-
8 ity” and inserting “ANNUITIES.—

9 “(1) IN GENERAL.—Except as provided in para-
10 graph (2), the annuity”,

11 (B) by striking “the sum of (1) 1.5 per-
12 cent” and inserting “the sum of—

13 “(A) 1.5 percent”,

14 (C) by striking “and (2) three-fourths of 1
15 percent” and inserting “and

16 “(B) three-fourths of 1 percent”,

17 (D) by striking “prior allowable service, ex-
18 cept that” and inserting “prior allowable serv-
19 ice,

20 “except that”, and

21 (E) by adding at the end the following new
22 paragraph:

23 “(2) SERVICE OF LESS THAN 3 YEARS.—In the
24 case of a judge or special trial judge who has served
25 less than 3 years, the annuity of the surviving

1 spouse of such judge or special trial judge shall be
2 based upon the average annual salary received by
3 such judge or special trial judge for judicial service
4 prior to the death of the judge or special trial
5 judge.”.

6 (5) OTHER BENEFITS.—Section 7448 is amend-
7 ed by adding at the end the following new sub-
8 section:

9 “(u) OTHER BENEFITS IN CASE OF ASSASSINA-
10 TION.—In the case of a judge or special trial judge who
11 is assassinated, an annuity shall be paid under this section
12 notwithstanding a survivor’s eligibility for or receipt of
13 benefits under chapter 81 of title 5, United States Code,
14 except that the annuity for which a surviving spouse is
15 eligible under this section shall be reduced to the extent
16 that the total benefits paid under this section and chapter
17 81 of that title for any year would exceed the current sal-
18 ary for that year of the office of the judge or special trial
19 judge.”.

20 (c) COORDINATION OF RETIREMENT AND SURVIVOR
21 ANNUITY WITH THE FEDERAL EMPLOYEES RETIREMENT
22 SYSTEM.—

23 (1) RETIREMENT.—Section 7447 is amended—

1 (A) by striking “section 8331(8)” in sub-
2 section (g)(2)(C) and inserting “sections
3 8331(8) and 8401(19)”, and

4 (B) by striking “Civil Service Commission”
5 both places it appears in subsection (i)(2) and
6 inserting “Office of Personnel Management”.

7 (2) ANNUITIES TO SURVIVING SPOUSES AND
8 DEPENDENT CHILDREN.—Section 7448 is amend-
9 ed—

10 (A) by striking “section 8332” in sub-
11 section (d) and inserting “sections 8332 and
12 8411”, and

13 (B) by striking “section 8332” in sub-
14 section (n) and inserting “sections 8332 and
15 8411”.

16 (d) LIMIT ON TEACHING COMPENSATION OF RE-
17 TIRED JUDGES.—

18 (1) IN GENERAL.—Section 7447 is amended by
19 adding at the end the following new subsection:

20 “(k) TEACHING COMPENSATION OF RETIRED
21 JUDGES.—For purposes of the limitation under section
22 501(a) of the Ethics in Government Act of 1978 (5 U.S.C.
23 App.), any compensation for teaching approved under sec-
24 tion 502(a)(5) of such Act shall not be treated as outside
25 earned income when received by a judge of the United

1 States Tax Court who has retired under subsection (b)
2 for teaching performed during any calendar year for which
3 such a judge has met the requirements of subsection (c),
4 as certified by the chief judge.”.

5 (2) EFFECTIVE DATE.—The amendment made
6 by this subsection shall apply to any individual serv-
7 ing as a retired judge of the United States Tax
8 Court on or after the date of the enactment of this
9 Act.

10 (e) EFFECTIVE DATE.—Except as otherwise pro-
11 vided, the amendments made by this section shall take ef-
12 fect on the date of the enactment of this Act.

13 **SEC. 1002. PROVISIONS RELATING TO SPECIAL TRIAL**
14 **JUDGES OF THE TAX COURT.**

15 (a) RETIREMENT AND RECALL FOR SPECIAL TRIAL
16 JUDGES.—Part I of subchapter C of chapter 76 is amend-
17 ed by inserting after section 7447 the following new sec-
18 tion:

19 **“SEC. 7447A. RETIREMENT FOR SPECIAL TRIAL JUDGES.**

20 “(a) IN GENERAL.—

21 “(1) RETIREMENT.—Any special trial judge ap-
22 pointed pursuant to section 7443A may retire from
23 service as a special trial judge if the individual meets
24 the age and service requirements set forth in the fol-
25 lowing table:

“If the special trial judge has attained age:	And the years of service as a special trial judge are at least:
65	15
66	14
67	13
68	12
69	11
70	10.

1 “(2) LENGTH OF SERVICE.—In making any de-
 2 termination of length of service as a special trial
 3 judge there shall be included all periods (whether or
 4 not consecutive) during which an individual served
 5 as a special trial judge

6 “(b) RETIREMENT UPON DISABILITY.—Any special
 7 trial judge appointed pursuant to section 7443A who be-
 8 comes permanently disabled from performing such individ-
 9 ual’s duties shall retire from service as a special trial
 10 judge.

11 “(c) RECALLING OF RETIRED SPECIAL TRIAL
 12 JUDGES.—Any individual who has retired pursuant to
 13 subsection (a) may be called upon by the chief judge to
 14 perform such judicial duties with the Tax Court as may
 15 be requested of such individual for a period or periods
 16 specified by the chief judge, except that in the case of any
 17 such individual—

18 “(1) the aggregate of such periods in any 1 cal-
 19 endar year shall not (without the consent of such in-
 20 dividual) exceed 90 calendar days, and

1 “(2) such individual shall be relieved of per-
2 forming such duties during any period in which ill-
3 ness or disability precludes the performance of such
4 duties.

5 Any act, or failure to act, by an individual performing ju-
6 dicial duties pursuant to this subsection shall have the
7 same force and effect as if it were the act (or failure to
8 act) of a special trial judge. Any individual who is per-
9 forming judicial duties pursuant to this subsection shall
10 be paid the same compensation (in lieu of retired pay) and
11 allowances for travel and other expenses as a special trial
12 judge.

13 “(d) RETIRED PAY.—

14 “(1) IN GENERAL.—Any individual who retires
15 pursuant to subsection (a) and elects under sub-
16 section (e) to receive retired pay under this sub-
17 section shall receive retired pay during any period of
18 retirement from service as a special trial judge at a
19 rate which bears the same ratio to the rate of the
20 salary payable to a special trial judge during such
21 period as—

22 “(A) the number of years such individual
23 has served as special trial judge bears to,

24 “(B) 15,

1 except that the rate of such retired pay shall not be
2 more than the rate of such salary for such period.

3 “(2) RETIREMENT UPON DISABILITY.—Any in-
4 dividual who retires pursuant to subsection (b) and
5 elects under subsection (e) to receive retired pay
6 under this subsection shall receive retired pay during
7 any period of retirement from service as a special
8 trial judge—

9 “(A) at a rate equal to the rate of the sal-
10 ary payable to a special trial judge during such
11 period, if the individual had at least 10 years
12 of service as a special trial judge before retire-
13 ment, and

14 “(B) at a rate equal to $\frac{1}{2}$ the rate de-
15 scribed in subparagraph (A), if the individual
16 had fewer than 10 years of service as a special
17 trial judge before retirement.

18 “(3) BEGINNING DATE AND PAYMENT.—Retired
19 pay under this subsection shall begin to accrue on
20 the day following the date on which the individual’s
21 salary as a special trial judge ceases to accrue, and
22 shall continue to accrue during the remainder of
23 such individual’s life. Retired pay under this sub-
24 section shall be paid in the same manner as the sal-
25 ary of a special trial judge.

1 “(4) PARTIAL YEARS.—In computing the rate
2 of the retired pay for an individual to whom para-
3 graph (1) applies, any portion of the aggregate num-
4 ber of years such individual has served as a special
5 trial judge which is a fractional part of 1 year shall
6 be eliminated if it is less than 6 months, or shall be
7 counted as a full year if it is 6 months or more.

8 “(5) RECALLED SERVICE.—In computing the
9 rate of the retired pay for an individual to whom
10 paragraph (1) applies, any period during which such
11 individual performs services under subsection (c) on
12 a substantially full-time basis shall be treated as a
13 period during which such individual has served as a
14 special trial judge.

15 “(e) ELECTION TO RECEIVE RETIRED PAY.—Any
16 special trial judge may elect to receive retired pay under
17 subsection (d). Such an election—

18 “(1) may be made only while an individual is a
19 special trial judge (except that in the case of an in-
20 dividual who fails to be reappointed as a special trial
21 judge, such election may be made within 60 days
22 after such individual leaves office as a special trial
23 judge),

24 “(2) once made, shall be irrevocable, and

1 “(3) shall be made by filing notice thereof in
2 writing with the chief judge.

3 The chief judge shall transmit to the Office of Personnel
4 Management a copy of each notice filed with the chief
5 judge under this subsection.

6 “(f) OTHER RULES MADE APPLICABLE.—The rules
7 of subsections (f), (g), (h), (i), and (j) of section 7447
8 shall apply to a special trial judge in the same manner
9 as a judge of the Tax Court. For purposes of the preceding
10 sentence, any reference to the President in such sub-
11 sections shall be applied as if it were a reference to the
12 chief judge.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 3121(b)(5)(E) is amended by in-
15 serting “or special trial judge” before “of the United
16 States Tax Court”.

17 (2) Section 7448(b)(2) is amended to read as
18 follows:

19 “(2) SPECIAL TRIAL JUDGES.—Any special trial
20 judge may by written election filed with the chief
21 judge elect the application of this section. Such elec-
22 tion shall be filed while such individual is a special
23 trial judge.”.

24 (3) Section 210(a)(5)(E) of the Social Security
25 Act (42 U.S.C. 410(a)(5)(E)) is amended by insert-

1 ing “or special trial judge” before “of the United
2 States Tax Court”.

3 (c) CLERICAL AMENDMENT.—The table of sections
4 for part I of subchapter C of chapter 76 is amended by
5 inserting after the item relating to section 7447 the fol-
6 lowing new item:

“Sec. 7447A. Retirement for special trial judges.”.

7 (d) EFFECTIVE DATE.—The amendments made by
8 this section shall take effect on the date of the enactment
9 of this Act.

10 **TITLE XI—REVENUE** 11 **PROVISIONS**

12 **SEC. 1101. SIMPLE AND SEP ROTH IRAS.**

13 (a) IN GENERAL.—Section 408A is amended by
14 striking subsection (f).

15 (b) RULES RELATING TO SIMPLIFIED EMPLOYEE
16 PENSIONS.—

17 (1) CONTRIBUTIONS.—Section 402(h)(1) is
18 amended by striking “and” at the end of subpara-
19 graph (A), by striking the period at the end of sub-
20 paragraph (B) and inserting “, and”, and by adding
21 at the end the following new subparagraph:

22 “(C) in the case of any contributions pur-
23 suant to a simplified employer pension which
24 are made to an individual retirement plan des-

1 ignated as a Roth IRA, such contribution shall
2 not be excludable from gross income.”.

3 (2) DISTRIBUTIONS.—Section 402(h)(3) is
4 amended by inserting “, or section 408A(d) in the
5 case of an individual retirement plan designated as
6 a Roth IRA” before the period at the end.

7 (3) ELECTION REQUIRED.—Section 408(k) is
8 amended by redesignating paragraphs (7), (8), and
9 (9) as paragraphs (8), (9), and (10), respectively,
10 and by inserting after paragraph (6) the following
11 new paragraph:

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

19 (c) RULES RELATING TO SIMPLE RETIREMENT AC-
20 COUNTS.—

21 (1) ELECTION REQUIRED.—Section 408(p), as
22 amended by this Act, is further amended by adding
23 at the end the following new paragraph:

24 “(13) ROTH CONTRIBUTION ELECTION.—An in-
25 dividual retirement plan which is designated as a

1 Roth IRA shall not be treated as a simple retirement
2 account under this subsection unless the employee
3 elects for such plan to be so treated (at such time
4 and in such manner as the Secretary may pro-
5 vide).”.

6 (2) ROLLOVERS.—Section 408A(e) is amended
7 by adding at the end the following new paragraph:

8 “(3) SIMPLE RETIREMENT ACCOUNTS.—In the
9 case of any payment or distribution out of a simple
10 retirement account (as defined in section 408(p))
11 with respect to which an election has been made
12 under section 408(p)(13) and to which 72(t)(6)(A)
13 applies, the term ‘qualified rollover contribution’
14 shall not include any payment or distribution paid
15 into an account other than another simple retire-
16 ment account (as so defined).”.

17 (d) COORDINATION WITH ROTH CONTRIBUTION LIM-
18 ITATION.—Section 408A(c) is amended by adding at the
19 end the following new paragraph:

20 “(7) COORDINATION WITH LIMITATION FOR
21 SIMPLE RETIREMENT PLANS AND SEPS.—In the case
22 of an individual on whose behalf contributions are
23 made to a simple retirement account or a simplified
24 employee pension, the amount described in para-
25 graph (2)(A) shall be increased by an amount equal

1 to the contributions made on the individual's behalf
2 to such account or pension for the taxable year, but
3 only to the extent such contributions—

4 “(A) in the case of a simplified retirement
5 account—

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

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

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

21 (e) CONFORMING AMENDMENT.—Section
22 408A(d)(2)(B) is amended by inserting “, or employer in
23 the case of a simple retirement account (as defined in sec-
24 tion 408(p)) or simplified employee pension (as defined in
25 section 408(k)),” after “individual's spouse”.

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2023.

4 **SEC. 1102. ELECTIVE DEFERRALS GENERALLY LIMITED TO**
5 **REGULAR CONTRIBUTION LIMIT.**

6 (a) APPLICABLE EMPLOYER PLANS.—Section 414(v)
7 is amended by adding at the end the following new para-
8 graphs:

9 “(7) CERTAIN DEFERRALS MUST BE ROTH CON-
10 TRIBUTIONS.—

11 “(A) IN GENERAL.—Except as provided in
12 subparagraph (C), in the case of an eligible par-
13 ticipant whose wages (as defined in section
14 3121(a)) for the preceding year exceed
15 \$100,000, paragraph (1) shall apply only if any
16 additional elective deferrals are designated Roth
17 contributions (as defined in section
18 402A(c)(1)).

19 “(B) ROTH OPTION.—In the case of an ap-
20 plicable employer plan with respect to which
21 subparagraph (A) applies to any participant for
22 a plan year, paragraph (1) shall not apply to
23 the plan unless the plan provides that any eligi-
24 ble participant may make the participant’s ad-

1 ditional elective deferrals as designated Roth
2 contributions.

3 “(C) EXCEPTION.—Subparagraph (A)
4 shall not apply in the case of an applicable em-
5 ployer plan described in paragraph (6)(A)(iv).

6 “(D) ELECTION TO CHANGE DEFER-
7 RALS.—The Secretary may provide by regula-
8 tions that an eligible participant may elect to
9 change the participant’s election to make addi-
10 tional elective deferrals if the participant’s com-
11 pensation is determined to exceed the limitation
12 under subparagraph (A) after the election is
13 made.

14 “(8) NO RECHARACTERIZATION OF EXCESS DE-
15 FERRALS.—If the elective deferrals for any year of
16 an eligible participant to which paragraph (7)(A) ap-
17 plies exceed any applicable limitation under this title
18 (without regard to paragraph (1)) or the terms of
19 the plan, such excess shall not be treated as addi-
20 tional elective deferrals to which paragraph (1) ap-
21 plies.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 402(g)(1) is amended by striking
24 subparagraph (C).

1 (2) Section 457(e)(18)(A)(ii) is amended by in-
2 serting “the lesser of any designated Roth contribu-
3 tions made by the participant to the plan or” before
4 “the applicable dollar amount”.

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

8 **SEC. 1103. OPTIONAL TREATMENT OF EMPLOYER MATCH-**
9 **ING OR NONELECTIVE CONTRIBUTIONS AS**
10 **ROTH CONTRIBUTIONS.**

11 (a) IN GENERAL.—Section 402A(a) is amended by
12 redesignating paragraph (2) as paragraph (4), by striking
13 “and” at the end of paragraph (1), and by inserting after
14 paragraph (1) the following new paragraphs:

15 “(2) any designated Roth contribution which is
16 made by the employer to the program on the em-
17 ployee’s behalf on account of the employee’s con-
18 tribution, elective deferral, or (subject to the require-
19 ments of section 401(m)(14)) qualified student loan
20 payment shall be treated as a matching contribution
21 for purposes of this chapter, except that such con-
22 tribution shall not be excludable from gross income,

23 “(3) any designated Roth contribution which is
24 made by the employer to the program on the em-
25 ployee’s behalf and which is a nonelective contribu-

1 tion shall be fully vested and shall not be excludable
2 from gross income, and”.

3 (b) MATCHING INCLUDED IN QUALIFIED ROTH CON-
4 TRIBUTION PROGRAM.—Section 402A(b)(1) is amended—

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

7 (2) by inserting “, or of matching contributions
8 or nonelective contributions which may otherwise be
9 made on the employee’s behalf,” after “otherwise eli-
10 gible to make”.

11 (c) DESIGNATED ROTH MATCHING CONTRIBU-
12 TIONS.—Section 402A(c)(1) is amended by inserting “,
13 matching contribution, or nonelective contribution” after
14 “elective deferral”.

15 (d) MATCHING CONTRIBUTION DEFINED.—Section
16 402A(e) is amended by adding at the end the following:

17 “(3) MATCHING CONTRIBUTION.—The term
18 ‘matching contribution’ means—

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

21 “(B) any contribution to an eligible de-
22 ferred compensation plan (as defined in section
23 457(b)) by an eligible employer described in
24 section 457(e)(1)(A) on behalf of an employee

1 and on account of such employee’s elective de-
2 ferral under such plan,
3 but only if such contribution is fully vested at the
4 time received.”.

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

8 **SEC. 1104. CHARITABLE CONSERVATION EASEMENTS.**

9 (a) IN GENERAL.—Section 170(h) is amended by
10 adding at the end the following new paragraph:

11 “(7) LIMITATION ON DEDUCTION FOR QUALI-
12 FIED CONSERVATION CONTRIBUTIONS MADE BY
13 PASS-THROUGH ENTITIES.—

14 “(A) IN GENERAL.—A contribution by a
15 partnership (whether directly or as a distribu-
16 tive share of a contribution of another partner-
17 ship) shall not be treated as a qualified con-
18 servation contribution for purposes of this sec-
19 tion if the amount of such contribution exceeds
20 2.5 times the sum of each partner’s relevant
21 basis in such partnership.

22 “(B) RELEVANT BASIS.—For purposes of
23 this paragraph—

24 “(i) IN GENERAL.—The term ‘relevant
25 basis’ means, with respect to any partner,

1 the portion of such partner's modified
2 basis in the partnership which is allocable
3 (under rules similar to the rules of section
4 755) to the portion of the real property
5 with respect to which the contribution de-
6 scribed in subparagraph (A) is made.

7 “(ii) MODIFIED BASIS.—The term
8 ‘modified basis’ means, with respect to any
9 partner, such partner's adjusted basis in
10 the partnership as determined—

11 “(I) immediately before the con-
12 tribution described in subparagraph
13 (A),

14 “(II) without regard to section
15 752, and

16 “(III) by the partnership after
17 taking into account the adjustments
18 described in subclauses (I) and (II)
19 and such other adjustments as the
20 Secretary may provide.

21 “(C) EXCEPTION FOR CONTRIBUTIONS
22 OUTSIDE 3-YEAR HOLDING PERIOD.—Subpara-
23 graph (A) shall not apply to any contribution
24 which is made at least 3 years after the latest
25 of—

1 “(i) the last date on which the part-
2 nership that made such contribution ac-
3 quired any portion of the real property
4 with respect to which such contribution is
5 made,

6 “(ii) the last date on which any part-
7 ner in the partnership that made such con-
8 tribution acquired any interest in such
9 partnership, and

10 “(iii) if the interest in the partnership
11 that made such contribution is held
12 through 1 or more partnerships—

13 “(I) the last date on which any
14 such partnership acquired any interest
15 in any other such partnership, and

16 “(II) the last date on which any
17 partner in any such partnership ac-
18 quired any interest in such partner-
19 ship.

20 “(D) EXCEPTION FOR FAMILY PARTNER-
21 SHIPS.—

22 “(i) IN GENERAL.—Subparagraph (A)
23 shall not apply with respect to any con-
24 tribution made by any partnership if sub-
25 stantially all of the partnership interests in

1 such partnership are held, directly or indi-
2 rectly, by an individual and members of
3 the family of such individual.

4 “(ii) MEMBERS OF THE FAMILY.—For
5 purposes of this subparagraph, the term
6 ‘members of the family’ means, with re-
7 spect to any individual—

8 “(I) the spouse of such indi-
9 vidual, and

10 “(II) any individual who bears a
11 relationship to such individual which
12 is described in subparagraphs (A)
13 through (G) of section 152(d)(2).

14 “(E) APPLICATION TO OTHER PASS-
15 THROUGH ENTITIES.—Except as may be other-
16 wise provided by the Secretary, the rules of this
17 paragraph shall apply to S corporations and
18 other pass-through entities in the same manner
19 as such rules apply to partnerships.

20 “(F) REGULATIONS.—The Secretary shall
21 prescribe such regulations or other guidance as
22 may be necessary or appropriate to carry out
23 the purposes of this paragraph, including regu-
24 lations or other guidance—

1 “(i) to require reporting, including re-
2 reporting related to tiered partnerships and
3 the modified basis of partners, and

4 “(ii) to prevent the avoidance of the
5 purposes of this paragraph.”.

6 (b) APPLICATION OF ACCURACY-RELATED PEN-
7 ALTIES.—

8 (1) IN GENERAL.—Section 6662(b) is amended
9 by inserting after paragraph (9) the following new
10 paragraph:

11 “(10) Any disallowance of a deduction by rea-
12 son of section 170(h)(7).”.

13 (2) TREATMENT AS GROSS VALUATION
14 MISSTATEMENT.—Section 6662(h)(2) is amended by
15 striking “and” at the end of subparagraph (B), by
16 striking the period at the end of subparagraph (C)
17 and inserting “, and”, and by adding at the end the
18 following new subparagraph:

19 “(D) any disallowance of a deduction de-
20 scribed in subsection (b)(10).”.

21 (3) NO REASONABLE CAUSE EXCEPTION.—Sec-
22 tion 6664(c)(2) is amended by inserting “or to any
23 disallowance of a deduction described in section
24 6662(b)(10)” before the period at the end.

1 (4) APPROVAL OF ASSESSMENT NOT RE-
2 QUIRED.—Section 6751(b)(2)(A) is amended by
3 striking “subsection (b)(9)” and inserting “para-
4 graph (9) or (10) of subsection (b)”.

5 (c) EXTENSION OF STATUTE OF LIMITATIONS FOR
6 LISTED TRANSACTIONS.—Any contribution described in
7 section 170(h)(7)(A) of the Internal Revenue Code of
8 1986 (as added by this section) shall be treated for pur-
9 poses of sections 6501(c)(10) and 6235(c)(6) of such Code
10 as a transaction specifically identified by the Secretary as
11 a tax avoidance transaction for purposes of section 6011
12 of such Code.

13 (d) EFFECTIVE DATE.—

14 (1) IN GENERAL.—The amendments made by
15 this section shall apply to contributions made after
16 the date of the enactment of this Act.

17 (2) NO INFERENCE.—No inference is intended
18 as to the appropriate treatment of contributions
19 made in taxable years ending on or before the date
20 specified in paragraph (1), or as to any activity not
21 described in section 170(h)(7) of the Internal Rev-
22 enue Code of 1986, as added by this section.