

110TH CONGRESS
2D SESSION

H. R. 7327

IN THE SENATE OF THE UNITED STATES

DECEMBER 11 (legislative day, DECEMBER 10), 2008

Received

AN ACT

To make technical corrections related to the Pension
Protection Act of 2006, and for other purposes.

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

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

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Worker, Retiree, and Employer Recovery Act of 2008”.

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

Sec. 1. Short title; table of contents.

**TITLE I—TECHNICAL CORRECTIONS RELATED TO THE PENSION
PROTECTION ACT OF 2006**

Sec. 100. References in title.

**Subtitle A—Technical Corrections Related to the Pension Protection Act of
2006**

Sec. 101. Amendments related to Title I.
Sec. 102. Amendments related to title II.
Sec. 103. Amendments related to title III.
Sec. 104. Amendments related to title IV.
Sec. 105. Amendments related to title V.
Sec. 106. Amendments related to title VI.
Sec. 107. Amendments related to title VII.
Sec. 108. Amendments related to title VIII.
Sec. 109. Amendments related to title IX.
Sec. 110. Amendments related to title X.
Sec. 111. Amendments related to title XI.
Sec. 112. Effective date.

Subtitle B—Other Provisions

Sec. 121. Amendments Related to Sections 102 and 112 of the Pension Protec-
tion Act of 2006.
Sec. 122. Modification of interest rate assumption required with respect to cer-
tain small employer plans.
Sec. 123. Determination of market rate of return for governmental plans.
Sec. 124. Treatment of certain reimbursements from governmental plans for
medical care.
Sec. 125. Rollover of amounts received in airline carrier bankruptcy to Roth
IRAs.
Sec. 126. Determination of asset value for special airline funding rules.
Sec. 127. Modification of penalty for failure to file partnership returns.
Sec. 128. Modification of penalty for failure to file S corporation returns.

TITLE II—PENSION PROVISIONS RELATING TO ECONOMIC CRISIS

Sec. 201. Temporary waiver of required minimum distribution rules for certain
retirement plans and accounts.
Sec. 202. Transition rule clarification.
Sec. 203. Temporary modification of application of limitation on benefit accru-
als.

Sec. 204. Temporary delay of designation of multiemployer plans as in endangered or critical status.

Sec. 205. Temporary extension of the funding improvement and rehabilitation periods for multiemployer pension plans in critical and endangered status for 2008 or 2009.

1 **TITLE I—TECHNICAL CORREC-**
 2 **TIONS RELATED TO THE PEN-**
 3 **SION PROTECTION ACT OF**
 4 **2006**

5 **SEC. 100. REFERENCES IN TITLE.**

6 For purposes of this title:

7 (1) AMENDMENT OF 1986 CODE.—The term
 8 “1986 Code” means the Internal Revenue Code of
 9 1986.

10 (2) AMENDMENT OF ERISA.—The term
 11 “ERISA” means the Employee Retirement Income
 12 Security Act of 1974.

13 (3) 2006 ACT.—The term “2006 Act” means
 14 the Pension Protection Act of 2006.

15 **Subtitle A—Technical Corrections**
 16 **Related to the Pension Protec-**
 17 **tion Act of 2006**

18 **SEC. 101. AMENDMENTS RELATED TO TITLE I.**

19 (a) AMENDMENTS RELATED TO SECTIONS 101 AND
 20 111.—

21 (1) AMENDMENTS TO ERISA.—

1 (A) Clause (i) of section 302(c)(1)(A) of
 2 ERISA is amended by striking “the plan is”
 3 and inserting “the plan are”.

4 (B) Section 302(c)(7) of ERISA is amend-
 5 ed by inserting “which reduces the accrued ben-
 6 efit of any participant” after “subsection
 7 (d)(2)” in subparagraph (A).

8 (C) Section 302(d)(1) of ERISA is amend-
 9 ed by striking “, the valuation date,”.

10 (2) AMENDMENTS TO 1986 CODE.—

11 (A) Clause (i) of section 412(c)(1)(A) of
 12 the 1986 Code is amended by striking “the plan
 13 is” and inserting “the plan are”.

14 (B) Section 412(c)(7) of the 1986 Code is
 15 amended by inserting “which reduces the ac-
 16 crued benefit of any participant” after “sub-
 17 section (d)(2)” in subparagraph (A).

18 (C) Section 412(d)(1) of the 1986 Code is
 19 amended by striking “, the valuation date,”.

20 (b) AMENDMENTS RELATED TO SECTIONS 102 AND
 21 112.—

22 (1) AMENDMENTS TO ERISA.—

23 (A) Section 303(b) of ERISA is amended
 24 to read as follows:

1 “(b) TARGET NORMAL COST.—For purposes of this
2 section:

3 “(1) IN GENERAL.—Except as provided in sub-
4 section (i)(2) with respect to plans in at-risk status,
5 the term ‘target normal cost’ means, for any plan
6 year, the excess of—

7 “(A) the sum of—

8 “(i) the present value of all benefits
9 which are expected to accrue or to be
10 earned under the plan during the plan
11 year, plus

12 “(ii) the amount of plan-related ex-
13 penses expected to be paid from plan as-
14 sets during the plan year, over

15 “(B) the amount of mandatory employee
16 contributions expected to be made during the
17 plan year.

18 “(2) SPECIAL RULE FOR INCREASE IN COM-
19 PENSATION.—For purposes of this subsection, if any
20 benefit attributable to services performed in a pre-
21 ceding plan year is increased by reason of any in-
22 crease in compensation during the current plan year,
23 the increase in such benefit shall be treated as hav-
24 ing accrued during the current plan year.”.

1 (B) Section 303(c)(5)(B)(iii) of ERISA is
2 amended by inserting “beginning” before “after
3 2008”.

4 (C) Section 303(c)(5)(B)(iv)(II) of ERISA
5 is amended by inserting “for such year” after
6 “beginning in 2007”).

7 (D) Section 303(f)(4)(A) of ERISA is
8 amended by striking “paragraph (2)” and in-
9 serting “paragraph (3)”.

10 (E) Section 303(h)(2)(F) of ERISA is
11 amended—

12 (i) by striking “section
13 205(g)(3)(B)(iii)(I) for such month” and
14 inserting “section 205(g)(3)(B)(iii)(I) for
15 such month)”, and

16 (ii) by striking “subparagraph (B)”
17 and inserting “subparagraph (C)”.

18 (F) Section 303(i) of ERISA is amended—

19 (i) in paragraph (2)—

20 (I) by striking subparagraph (A)

21 and inserting the following new sub-
22 paragraph:

23 “(A) the excess of—

24 “(i) the sum of—

1 “(I) the present value of all bene-
 2 fits which are expected to accrue or to
 3 be earned under the plan during the
 4 plan year, determined using the addi-
 5 tional actuarial assumptions described
 6 in paragraph (1)(B), plus

7 “(II) the amount of plan-related
 8 expenses expected to be paid from
 9 plan assets during the plan year, over

10 “(ii) the amount of mandatory em-
 11 ployee contributions expected to be made
 12 during the plan year, plus”, and

13 (II) in subparagraph (B), by
 14 striking “the target normal cost (de-
 15 termined without regard to this para-
 16 graph) of the plan for the plan year”
 17 and inserting “the amount determined
 18 under subsection (b)(1)(A)(i) with re-
 19 spect to the plan for the plan year”,
 20 and

21 (ii) by striking “subparagraph (A)(ii)”
 22 in the last sentence of paragraph (4)(B)
 23 and inserting “subparagraph (A)”.

24 (G) Section 303(j)(3) of ERISA—

(i) is amended by adding at the end of subparagraph (A) the following new sentence: “In the case of plan years beginning in 2008, the funding shortfall for the preceding plan year may be determined using such methods of estimation as the Secretary of the Treasury may provide.”,

(ii) by adding at the end of subparagraph (E) the following new clause:

“(iii) PLAN WITH ALTERNATE VALUATION DATE.—The Secretary of the Treasury shall prescribe regulations for the application of this paragraph in the case of a plan which has a valuation date other than the first day of the plan year.”, and

(iii) by striking “AND SHORT YEARS” in the heading of subparagraph (E) and inserting “, SHORT YEARS, AND YEARS WITH ALTERNATE VALUATION DATE”.

(H) Section 303(k)(6)(B) of ERISA is amended by striking “, except” and all that follows and inserting a period.

(2) AMENDMENTS TO 1986 CODE.—

(A) Section 430(b) of the 1986 Code is amended to read as follows:

1 “(b) TARGET NORMAL COST.—For purposes of this
2 section:

3 “(1) IN GENERAL.—Except as provided in sub-
4 section (i)(2) with respect to plans in at-risk status,
5 the term ‘target normal cost’ means, for any plan
6 year, the excess of—

7 “(A) the sum of—

8 “(i) the present value of all benefits
9 which are expected to accrue or to be
10 earned under the plan during the plan
11 year, plus

12 “(ii) the amount of plan-related ex-
13 penses expected to be paid from plan as-
14 sets during the plan year, over

15 “(B) the amount of mandatory employee
16 contributions expected to be made during the
17 plan year.

18 “(2) SPECIAL RULE FOR INCREASE IN COM-
19 PENSATION.—For purposes of this subsection, if any
20 benefit attributable to services performed in a pre-
21 ceding plan year is increased by reason of any in-
22 crease in compensation during the current plan year,
23 the increase in such benefit shall be treated as hav-
24 ing accrued during the current plan year.”.

1 (B) Section 430(c)(5)(B)(iii) of the 1986
2 Code is amended by inserting “beginning” be-
3 fore “after 2008”.

4 (C) Section 430(c)(5)(B)(iv)(II) of the
5 1986 Code is amended by inserting “for such
6 year” after “beginning in 2007”).

7 (D) Section 430(f) of the 1986 Code is
8 amended—

9 (i) by striking “as of the first day of
10 the plan year” the second place it appears
11 in the first sentence of paragraph (3)(A),

12 (ii) by striking “paragraph (2)” in
13 paragraph (4)(A) and inserting “para-
14 graph (3)”,

15 (iii) by striking “paragraph (1), (2),
16 or (4) of section 206(g)” in paragraph
17 (6)(B)(iii) and inserting “subsection (b),
18 (c), or (e) of section 436”,

19 (iv) by striking “the sum of” in para-
20 graph (6)(C), and

21 (v) by striking “of the Treasury” in
22 paragraph (8).

23 (E) Section 430(h)(2) of the 1986 Code is
24 amended—

1 (i) by inserting “and target normal
2 cost” after “funding target” in subpara-
3 graph (B),

4 (ii) by striking “liabilities” and insert-
5 ing “benefits” in subparagraph (B),

6 (iii) by striking “section
7 417(e)(3)(D)(i) for such month” in sub-
8 paragraph (F) and inserting “section
9 417(e)(3)(D)(i) for such month”, and

10 (iv) by striking “subparagraph (B)”
11 in subparagraph (F) and inserting “sub-
12 paragraph (C)”.

13 (F) Section 430(i) of the 1986 Code is
14 amended—

15 (i) in paragraph (2)—

16 (I) by striking subparagraph (A)
17 and inserting the following new sub-
18 paragraph:

19 “(A) the excess of—

20 “(i) the sum of—

21 “(I) the present value of all bene-
22 fits which are expected to accrue or to
23 be earned under the plan during the
24 plan year, determined using the addi-

1 tional actuarial assumptions described
2 in paragraph (1)(B), plus

3 “(II) the amount of plan-related
4 expenses expected to be paid from
5 plan assets during the plan year, over

6 “(ii) the amount of mandatory em-
7 ployee contributions expected to be made
8 during the plan year, plus”, and

9 (II) in subparagraph (B), by
10 striking “the target normal cost (de-
11 termined without regard to this para-
12 graph) of the plan for the plan year”
13 and inserting “the amount determined
14 under subsection (b)(1)(A)(i) with re-
15 spect to the plan for the plan year”,
16 and

17 (ii) by striking “subparagraph (A)(ii)”
18 in the last sentence of paragraph (4)(B)
19 and inserting “subparagraph (A)”.

20 (G) Section 430(j)(3) of the 1986 Code is
21 amended—

22 (i) by adding at the end of subpara-
23 graph (A) the following new sentence: “In
24 the case of plan years beginning in 2008,
25 the funding shortfall for the preceding plan

1 year may be determined using such meth-
2 ods of estimation as the Secretary may
3 provide.”,

4 (ii) by striking “section 302(c)” in
5 subparagraph (D)(ii)(II) and inserting
6 “section 412(c)”,

7 (iii) by adding at the end of subpara-
8 graph (E) the following new clause:

9 “(iii) PLAN WITH ALTERNATE VALU-
10 ATION DATE.—The Secretary shall pre-
11 scribe regulations for the application of
12 this paragraph in the case of a plan which
13 has a valuation date other than the first
14 day of the plan year.”, and

15 (iv) by striking “AND SHORT YEARS”
16 in the heading of subparagraph (E) and
17 inserting “, SHORT YEARS, AND YEARS
18 WITH ALTERNATE VALUATION DATE”.

19 (H) Section 430(k) of the 1986 Code is
20 amended—

21 (i) by inserting “(as provided under
22 paragraph (2))” after “applies” in para-
23 graph (1), and

1 (ii) by striking “, except” and all that
2 follows in paragraph (6)(B) and inserting
3 a period.

4 (3) EFFECTIVE DATES.—

5 (A) IN GENERAL.—Except as provided in
6 subparagraph (B), the amendments made by
7 paragraphs (1)(A), (1)(F)(i), (2)(A), and
8 (2)(F)(i) shall apply to plan years beginning
9 after December 31, 2008.

10 (B) ELECTION FOR EARLIER APPLICATION.—The amendments made by such para-
11 graphs shall apply to a plan for the first plan
12 year beginning after December 31, 2007, if the
13 plan sponsor makes the election under this sub-
14 paragraph. An election under this subparagraph
15 shall be made at such time and in such manner
16 as the Secretary of the Treasury or the Sec-
17 retary’s delegate may prescribe, and, once
18 made, may be revoked only with the consent of
19 the Secretary.
20

21 (c) AMENDMENTS RELATED TO SECTIONS 103 AND
22 113.—

23 (1) AMENDMENTS TO ERISA.—

24 (A) Section 101(j) of ERISA is amended—

1 (i) in paragraph (2), by striking “sec-
2 tion 206(g)(4)(B)” and inserting “section
3 206(g)(4)(A)”;

4 (ii) by adding at the end the fol-
5 lowing: “The Secretary of the Treasury, in
6 consultation with the Secretary, shall have
7 the authority to prescribe rules applicable
8 to the notices required under this sub-
9 section.”.

10 (B) Section 206(g)(1)(B)(ii) of ERISA is
11 amended by striking “a funding” and inserting
12 “an adjusted funding”.

13 (C) The heading for section 206(g)(1)(C)
14 of ERISA is amended by inserting “BENEFIT”
15 after “EVENT”.

16 (D) Section 206(g)(3)(E) of ERISA is
17 amended by adding at the end the following
18 new flush sentence:

19 “Such term shall not include the payment of a
20 benefit which under section 203(e) may be im-
21 mediately distributed without the consent of the
22 participant.”.

23 (E) Section 206(g)(5)(A)(iv) of ERISA is
24 amended by inserting “adjusted” before “fund-
25 ing”.

1 (F) Section 206(g)(9)(C) of ERISA is
2 amended—

3 (i) by striking “without regard to this
4 subparagraph and” in clause (i), and

5 (ii) in clause (iii)—

6 (I) by striking “without regard to
7 this subparagraph” and inserting
8 “without regard to the reduction in
9 the value of assets under section
10 303(f)(4)”, and

11 (II) by inserting “beginning” be-
12 fore “after” each place it appears.

13 (G) Section 206(g) of ERISA is amended
14 by redesignating paragraph (10) as paragraph
15 (11) and by inserting after paragraph (9) the
16 following new paragraph:

17 “(10) SECRETARIAL AUTHORITY FOR PLANS
18 WITH ALTERNATE VALUATION DATE.—In the case of
19 a plan which has designated a valuation date other
20 than the first day of the plan year, the Secretary of
21 the Treasury may prescribe rules for the application
22 of this subsection which are necessary to reflect the
23 alternate valuation date.”.

24 (H) Section 502(c)(4) of ERISA is amend-
25 ed by striking “by any person” and all that fol-

1 lows through the period and inserting “by any
2 person of subsection (j), (k), or (l) of section
3 101 or section 514(e)(3).”.

4 (2) AMENDMENTS TO 1986 CODE.—

5 (A) Section 436(b)(2) of the 1986 Code is
6 amended—

7 (i) by striking “section 303” and in-
8 serting “section 430” in the matter pre-
9 ceding subparagraph (A), and

10 (ii) by striking “a funding” and in-
11 serting “an adjusted funding” in subpara-
12 graph (B).

13 (B) Section 436(b)(3) of the 1986 Code is
14 amended—

15 (i) by inserting “BENEFIT” after
16 “EVENT” in the heading, and

17 (ii) by striking “any event” in sub-
18 paragraph (B) and inserting “an event”.

19 (C) Section 436(d)(5) of the 1986 Code is
20 amended by adding at the end the following
21 new flush sentence:

22 “Such term shall not include the payment of a ben-
23 efit which under section 411(a)(11) may be imme-
24 diately distributed without the consent of the partici-
25 pant.”.

1 (D) Section 436(f) of the 1986 Code is
2 amended—

3 (i) by inserting “adjusted” before
4 “funding” in paragraph (1)(D), and

5 (ii) by striking “prefunding balance
6 under section 430(f) or funding standard
7 carryover balance” in paragraph (2) and
8 inserting “prefunding balance or funding
9 standard carryover balance under section
10 430(f)”.

11 (E) Section 436(j)(3) of the 1986 Code is
12 amended—

13 (i) in subparagraph (A)—

14 (I) by striking “without regard to
15 this paragraph and”,

16 (II) by striking “section
17 430(f)(4)(A)” and inserting “section
18 430(f)(4)”, and

19 (III) by striking “paragraph (1)”
20 and inserting “paragraphs (1) and
21 (2)”, and

22 (ii) in subparagraph (C)—

23 (I) by striking “without regard to
24 this paragraph” and inserting “with-
25 out regard to the reduction in the

1 value of assets under section
2 430(f)(4)”, and

3 (II) by inserting “beginning” be-
4 fore “after” each place it appears.

5 (F) Section 436 of the 1986 Code is
6 amended by redesignating subsection (k) as
7 subsection (m) and by inserting after subsection
8 (j) the following new subsections:

9 “(k) SECRETARIAL AUTHORITY FOR PLANS WITH
10 ALTERNATE VALUATION DATE.—In the case of a plan
11 which has designated a valuation date other than the first
12 day of the plan year, the Secretary may prescribe rules
13 for the application of this section which are necessary to
14 reflect the alternate valuation date.

15 “(l) SINGLE-EMPLOYER PLAN.—For purposes of this
16 section, the term ‘single-employer plan’ means a plan
17 which is not a multiemployer plan.”.

18 (3) AMENDMENTS TO 2006 ACT.—Sections
19 103(c)(2)(A)(ii) and 113(b)(2)(A)(ii) of the 2006
20 Act are each amended—

21 (A) by striking “subsection” and inserting
22 “section”, and

23 (B) by striking “subparagraph” and in-
24 serting “paragraph”.

1 (d) AMENDMENTS RELATED TO SECTIONS 107 AND
2 114.—

3 (1) AMENDMENTS TO ERISA.—

4 (A) Section 103(d) of ERISA is amend-
5 ed—

6 (i) in paragraph (3), by striking “the
7 normal costs, the accrued liabilities” and
8 inserting “the normal costs or target nor-
9 mal costs, the accrued liabilities or funding
10 target”, and

11 (ii) by striking paragraph (7) and in-
12 serting the following new paragraph:

13 “(7) A certification of the contribution nec-
14 essary to reduce the minimum required contribution
15 determined under section 303, or the accumulated
16 funding deficiency determined under section 304, to
17 zero.”.

18 (B) Section 4071 of ERISA is amended by
19 striking “as section 303(k)(4) or 307(e)” and
20 inserting “or section 303(k)(4),”.

21 (2) AMENDMENTS TO 1986 CODE.—

22 (A) Section 401(a)(29) of the 1986 Code
23 is amended by striking “ON PLANS IN AT-RISK
24 STATUS” in the heading.

1 (B) Section 401(a)(32)(C) of the 1986
2 Code is amended—

3 (i) by striking “section 430(j)” and
4 inserting “section 430(j)(3)”, and

5 (ii) by striking “paragraph (5)(A)”
6 and inserting “section 430(j)(4)(A)”.

7 (C) Section 401(a)(33) of the 1986 Code is
8 amended—

9 (i) by striking “section 412(c)(2)” in
10 subparagraph (B)(iii) and inserting “sec-
11 tion 412(d)(2)”, and

12 (ii) by striking “section 412(b)(2)
13 (without regard to subparagraph (B)
14 thereof)” in subparagraph (D) and insert-
15 ing “section 412(b)(1), without regard to
16 section 412(b)(2)”.

17 (D) Section 411 of the 1986 Code is
18 amended—

19 (i) by striking “section 412(c)(2)” in
20 subsection (a)(3)(C) and inserting “section
21 412(d)(2)”, and

22 (ii) by striking “section 412(e)(2)” in
23 subsection (d)(6)(A) and inserting “section
24 412(d)(2)”.

1 (E) Section 414(l)(2)(B)(i)(I) of the 1986
2 Code is amended to read as follows:

3 “(I) the sum of the funding tar-
4 get and target normal cost determined
5 under section 430, over”.

6 (F) Section 4971 of the 1986 Code is
7 amended—

8 (i) by striking “required minimum” in
9 subsection (b)(1) and inserting “minimum
10 required”,

11 (ii) by inserting “or unpaid minimum
12 required contribution, whichever is applica-
13 ble” after “accumulated funding defi-
14 ciency” each place it appears in sub-
15 sections (c)(3) and (d)(1), and

16 (iii) by striking “section
17 412(a)(1)(A)” in subsection (e)(1) and in-
18 serting “section 412(a)(2)”.

19 (3) AMENDMENT TO 2006 ACT.—Section 114 of
20 the 2006 Act is amended by adding at the end the
21 following new subsection:

22 “(g) EFFECTIVE DATES.—

23 “(1) IN GENERAL.—The amendments made by
24 this section shall apply to plan years beginning after
25 2007.

1 “(2) EXCISE TAX.—The amendments made by
 2 subsection (e) shall apply to taxable years beginning
 3 after 2007, but only with respect to plan years de-
 4 scribed in paragraph (1) which end with or within
 5 any such taxable year.”.

6 (e) AMENDMENT RELATED TO SECTION 116.—Sec-
 7 tion 409A(b)(3)(A)(ii) of the 1986 Code is amended by
 8 inserting “to an applicable covered employee” after
 9 “under the plan”.

10 **SEC. 102. AMENDMENTS RELATED TO TITLE II.**

11 (a) AMENDMENT RELATED TO SECTIONS 201 AND
 12 211.—Section 201(b)(2)(A) of the 2006 Act is amended
 13 by striking “has not used” and inserting “has not adopt-
 14 ed, or ceased using,”.

15 (b) AMENDMENTS RELATED TO SECTIONS 202 AND
 16 212.—

17 (1) AMENDMENTS TO ERISA.—

18 (A) Section 302(b)(3) of ERISA is amend-
 19 ed by striking “the plan adopts” and inserting
 20 “the plan sponsor adopts”.

21 (B) Section 305(b)(3)(C) of ERISA is
 22 amended by striking “section 101(b)(4)” and
 23 inserting “section 101(b)(1)”.

24 (C) Section 305(b)(3)(D) of ERISA is
 25 amended by striking “The Secretary” in clause

(iii) and inserting “The Secretary of the Treasury, in consultation with the Secretary”.

(D) Section 305(c)(7) of ERISA is amended—

(i) by striking “to agree on” and all that follows in subparagraph (A)(ii) and inserting “to adopt a contribution schedule with terms consistent with the funding improvement plan and a schedule from the plan sponsor,”, and

(ii) by striking subparagraph (B) and inserting the following new subparagraph:

“(B) DATE OF IMPLEMENTATION.—The date specified in this subparagraph is the date which is 180 days after the date on which the collective bargaining agreement described in subparagraph (A) expires.”, and

(iii) by adding at the end the following new subparagraph:

“(C) FAILURE TO MAKE SCHEDULED CONTRIBUTIONS.—Any failure to make a contribution under a schedule of contribution rates provided under this paragraph shall be treated as a delinquent contribution under section 515 and shall be enforceable as such.”.

1 (E) Section 305(e) of ERISA is amend-
2 ed—

3 (i) in paragraph (3)(C)—

4 (I) by striking all that follows “to
5 adopt a” in clause (i)(II) and insert-
6 ing “to adopt a contribution schedule
7 with terms consistent with the reha-
8 bilitation plan and a schedule from
9 the plan sponsor under paragraph
10 (1)(B)(i),”

11 (II) by striking clause (ii) and in-
12 serting the following new clause:

13 “(ii) DATE OF IMPLEMENTATION.—
14 The date specified in this clause is the date
15 which is 180 days after the date on which
16 the collective bargaining agreement de-
17 scribed in clause (i) expires.” and

18 (III) by adding at the end the
19 following new clause:

20 “(iii) FAILURE TO MAKE SCHEDULED
21 CONTRIBUTIONS.—Any failure to make a
22 contribution under a schedule of contribu-
23 tion rates provided under this subsection
24 shall be treated as a delinquent contribu-

tion under section 515 and shall be enforceable as such.”,

(ii) in paragraph (4)—

(I) by striking “the date of” in subparagraph (A)(ii), and

(II) by striking “and taking” in subparagraph (B) and inserting “but taking”,

(iii) in paragraph (6)—

(I) by striking “paragraph (1)(B)(i)” and inserting “the last sentence of paragraph (1)”, and

(II) by striking “established” and inserting “establish”,

(iv) in paragraph (8)(C)(iii)—

(I) by striking “the Secretary” in subclause (I) and inserting “the Secretary of the Treasury, in consultation with the Secretary”, and

(II) by striking “Secretary” in the last sentence and inserting “Secretary of the Treasury”, and

(v) by striking “an employer’s withdrawal liability” in paragraph (9)(B) and

1 inserting “the allocation of unfunded vest-
2 ed benefits to an employer”.

3 (F) Section 305(f)(2)(A)(i) of ERISA is
4 amended by adding at the end the following:
5 “to a participant or beneficiary whose annuity
6 starting date (as defined in section 205(h)(2))
7 occurs after the date such notice is sent,”.

8 (G) Section 305(g) of ERISA is amended
9 by inserting “under subsection (c)” after “fund-
10 ing improvement plan” the first place it ap-
11 pears.

12 (H) Section 502(c)(2) of ERISA is amend-
13 ed by striking “101(b)(4)” and inserting
14 “101(b)(1)”.

15 (I) Section 502(c)(8)(A) of ERISA is
16 amended by inserting “plan” after “multiem-
17 ployer”.

18 (2) AMENDMENTS TO 1986 CODE.—

19 (A) Section 432(b)(3)(C) of the 1986 Code
20 is amended by striking “section 101(b)(4)” and
21 inserting “section 101(b)(1)”.

22 (B) Section 432(b)(3)(D)(iii) of the 1986
23 Code is amended by striking “The Secretary of
24 Labor” and inserting “The Secretary, in con-
25 sultation with the Secretary of Labor”.

1 (C) Section 432(e) of the 1986 Code is
2 amended—

3 (i) in paragraph (3), by striking “sec-
4 tion 304(d)” in subparagraph (A)(ii) and
5 inserting “section 431(d)”, and

6 (ii) in paragraph (7)—

7 (I) by striking “to agree on” and
8 all that follows in subparagraph
9 (A)(ii) and inserting “to adopt a con-
10 tribution schedule with terms con-
11 sistent with the funding improvement
12 plan and a schedule from the plan
13 sponsor,”, and

14 (II) by striking subparagraph (B)
15 and inserting the following new sub-
16 paragraph:

17 “(B) DATE OF IMPLEMENTATION.—The
18 date specified in this subparagraph is the date
19 which is 180 days after the date on which the
20 collective bargaining agreement described in
21 subparagraph (A) expires.”.

22 (D) Section 432(e) of the 1986 Code is
23 amended—

24 (i) in paragraph (3)(C)—

1 (I) by striking all that follows “to
2 adopt a” in clause (i)(II) and insert-
3 ing “to adopt a contribution schedule
4 with terms consistent with the reha-
5 bilitation plan and a schedule from
6 the plan sponsor under paragraph
7 (1)(B)(i),”, and

8 (II) by striking clause (ii) and in-
9 serting the following new clause:

10 “(ii) DATE OF IMPLEMENTATION.—
11 The date specified in this clause is the date
12 which is 180 days after the date on which
13 the collective bargaining agreement de-
14 scribed in clause (i) expires.”,

15 (ii) in paragraph (4)—

16 (I) by striking “the date of” in
17 subparagraph (A)(ii), and

18 (II) by striking “and taking” in
19 subparagraph (B) and inserting “but
20 taking”,

21 (iii) in paragraph (6)—

22 (I) by striking “paragraph
23 (1)(B)(i)” and inserting “the last sen-
24 tence of paragraph (1)”, and

1 (II) by striking “established” and
2 inserting “establish”,

3 (iv) in paragraph (8)—

4 (I) by striking “section 204(g)”
5 in subparagraph (A)(i) and inserting
6 “section 411(d)(6)”,

7 (II) by inserting “of the Em-
8 ployee Retirement Income Security
9 Act of 1974” after “4212(a)” in sub-
10 paragraph (C)(i)(II),

11 (III) by striking “the Secretary
12 of Labor” in subparagraph (C)(iii)(I)
13 and inserting “the Secretary, in con-
14 sultation with the Secretary of
15 Labor”, and

16 (IV) by striking “the Secretary of
17 Labor” in the last sentence of sub-
18 paragraph (C)(iii) and inserting “the
19 Secretary”, and

20 (v) by striking “an employer’s with-
21 drawal liability” in paragraph (9)(B) and
22 inserting “the allocation of unfunded vest-
23 ed benefits to an employer”.

24 (E) Section 432(f)(2)(A)(i) of the 1986
25 Code is amended—

1 (i) by striking “section 411(b)(1)(A)”
2 and inserting “section 411(a)(9)”; and

3 (ii) by inserting at the end the fol-
4 lowing: “to a participant or beneficiary
5 whose annuity starting date (as defined in
6 section 417(f)(2)) occurs after the date
7 such notice is sent,”.

8 (F) Section 432(g) of the 1986 Code is
9 amended by inserting “under subsection (c)”
10 after “funding improvement plan” the first
11 place it appears.

12 (G) Section 432(i) of the 1986 Code is
13 amended—

14 (i) by striking “section 412(a)” in
15 paragraph (3) and inserting “section
16 431(a)”, and

17 (ii) by striking paragraph (9) and in-
18 serting the following new paragraph:

19 “(9) PLAN SPONSOR.—For purposes of this sec-
20 tion, section 431, and section 4971(g):

21 “(A) IN GENERAL.—The term ‘plan spon-
22 sor’ means, with respect to any multiemployer
23 plan, the association, committee, joint board of
24 trustees, or other similar group of representa-

tives of the parties who establish or maintain the plan.

“(B) SPECIAL RULE FOR SECTION 404(c) PLANS.—In the case of a plan described in section 404(c) (or a continuation of such plan), such term means the bargaining parties described in paragraph (1).”.

(H) Section 412(b)(3) of the 1986 Code is amended by striking “the plan adopts” and inserting “the plan sponsor adopts”.

(I) Section 4971(g)(4) of the 1986 Code is amended—

(i) in subparagraph (B)(ii), by striking “first day of” and inserting “day following the close of”, and

(ii) by striking clause (ii) of subparagraph (C) and inserting the following new clause:

“(ii) PLAN SPONSOR.—For purposes of clause (i), the term ‘plan sponsor’ has the meaning given such term by section 432(i)(9).”.

(3) AMENDMENTS TO 2006 ACT.—

(A) Section 212(b)(2) of the 2006 Act is amended by striking “Section 4971(c)(2) of

1 such Code” and inserting “Section 4971(e)(2)
2 of such Code”.

3 (B) Section 212(e)(1) of the 2006 Act is
4 amended by inserting “, except that the amend-
5 ments made by subsection (b) shall apply to
6 taxable years beginning after 2007, but only
7 with respect to plan years beginning after 2007
8 which end with or within any such taxable
9 year” before the period at the end.

10 (C) Section 212(e)(2) of the 2006 Act is
11 amended by striking “section 305(b)(3) of the
12 Employee Retirement Income Security Act of
13 1974” and inserting “section 432(b)(3) of the
14 Internal Revenue Code of 1986”.

15 **SEC. 103. AMENDMENTS RELATED TO TITLE III.**

16 (a) AMENDMENT RELATED TO SECTION 301.—
17 Clause (ii) of section 101(c)(2)(A) of the Pension Funding
18 Equity Act of 2004, as amended by section 301(c) of the
19 2006 Act, is amended by striking “2008” and inserting
20 “2009”.

21 (b) AMENDMENTS RELATED TO SECTION 302.—

22 (1) AMENDMENT TO ERISA.—Section
23 205(g)(3)(B)(iii)(II) of ERISA is amended by strik-
24 ing “section 205(g)(3)(B)(iii)(II)” and inserting
25 “section 205(g)(3)(A)(ii)(II)”.

1 (2) AMENDMENTS TO 1986 CODE.—

2 (A) Section 417(e)(3)(D)(i) of the 1986
3 Code is amended by striking “clause (ii)” and
4 inserting “subparagraph (C)”.

5 (B)(i) Section 415(b)(2)(E)(v) of the 1986
6 Code is amended to read as follows:

7 “(v) For purposes of adjusting any
8 benefit or limitation under subparagraph
9 (B), (C), or (D), the mortality table used
10 shall be the applicable mortality table
11 (within the meaning of section
12 417(e)(3)(B)).”.

13 (ii)(I) Except as provided in subclause (II),
14 the amendment made by clause (i) shall apply
15 to years beginning after December 31, 2008.

16 (II) A plan sponsor may elect to have the
17 amendment made by clause (i) apply to any
18 year beginning after December 31, 2007, and
19 before January 1, 2009, or to any portion of
20 any such year.

21 **SEC. 104. AMENDMENTS RELATED TO TITLE IV.**

22 (a) AMENDMENT RELATED TO SECTION 401.—Sec-
23 tion 4006(a)(3)(A)(i) of ERISA is amended by striking
24 “1990” and inserting “2005”.

1 (b) AMENDMENT RELATED TO SECTION 402.—Sec-
2 tion 402(c)(1)(A) of the 2006 Act is amended by striking
3 “commercial airline” and inserting “commercial”.

4 (c) AMENDMENT RELATED TO SECTION 408.—Sec-
5 tion 4044(e) of ERISA, as added by section 408(b)(2) of
6 the 2006 Act, is redesignated as subsection (f).

7 (d) AMENDMENTS RELATED TO SECTION 409.—Sec-
8 tion 4041(b)(5)(A) of ERISA is amended by striking
9 “subparagraph (B)” and inserting “subparagraphs (B)
10 and (D)”.

11 (e) AMENDMENTS RELATED TO SECTION 410.—Sec-
12 tion 4050(d)(4)(A) of ERISA is amended—

13 (1) by striking “and” at the end of clause (i),
14 and

15 (2) by striking clause (ii) and inserting the fol-
16 lowing new clauses:

17 “(ii) which is not a plan described in
18 paragraph (2), (3), (4), (6), (7), (8), (9),
19 (10), or (11) of section 4021(b), and

20 “(iii) which, was a plan described in
21 section 401(a) of the Internal Revenue
22 Code of 1986 which includes a trust ex-
23 empt from tax under section 501(a) of
24 such Code, and”.

1 **SEC. 105. AMENDMENTS RELATED TO TITLE V.**

2 (a) AMENDMENT RELATED TO SECTION 501.—Sec-
3 tion 101(f)(2)(B)(ii) of ERISA is amended—

4 (1) by striking “for which the latest annual re-
5 port filed under section 104(a) was filed” in sub-
6 clause (I)(aa) and inserting “to which the notice re-
7 lates”, and

8 (2) by striking subclause (II) and inserting the
9 following new subclause:

10 “(II) in the case of a multiem-
11 ployer plan, a statement, for the plan
12 year to which the notice relates and
13 the preceding 2 plan years, of the
14 value of the plan assets (determined
15 both in the same manner as under
16 section 304 and under the rules of
17 subclause (I)(bb)) and the value of the
18 plan liabilities (determined in the
19 same manner as under section 304 ex-
20 cept that the method specified in sec-
21 tion 305(i)(8) shall be used),”.

22 (b) AMENDMENTS RELATED TO SECTION 502.—

23 (1) Section 101(k)(2) of ERISA is amended by
24 filing at the end the following new flush sentence:

25 “Subparagraph (C)(i) shall not apply to individually
26 identifiable information with respect to any plan in-

1 vestment manager or adviser, or with respect to any
 2 other person (other than an employee of the plan)
 3 preparing a financial report required to be included
 4 under paragraph (1)(B).”.

5 (2) Section 4221 of ERISA is amended by
 6 striking subsection (e) and by redesignating sub-
 7 sections (f) and (g) as subsections (e) and (f), re-
 8 spectively.

9 (c) AMENDMENTS RELATED TO SECTION 503.—

10 (1) AMENDMENTS TO ERISA.—

11 (A) Section 104(b)(3) of ERISA is amend-
 12 ed by—

13 (i) striking “section 103(f)” and in-
 14 serting “section 101(f)”, and

15 (ii) striking “the administrators” and
 16 inserting “the administrator”.

17 (B) Section 104(d)(1)(E)(ii) of ERISA is
 18 amended by inserting “funding” after “plan’s”.

19 (2) AMENDMENTS TO 2006 ACT.—Section
 20 503(e) of the 2006 Act is amended by striking “sec-
 21 tion 101(f)” and inserting “section 104(d)”.

22 (d) AMENDMENT RELATED TO SECTION 505.—Sec-
 23 tion 4010(d)(2)(B) of ERISA is amended by striking “sec-
 24 tion 302(d)(2)” and inserting “section 303(d)(2)”.

25 (e) AMENDMENTS RELATED TO SECTION 506.—

1 (1) Section 4041(c)(2)(D)(i) of ERISA is
2 amended by striking “subsection (a)(2)” the second
3 place it appears and inserting “subparagraph (A) or
4 the regulations under subsection (a)(2)”.

5 (2) Section 4042(c)(3)(C)(i) of ERISA is
6 amended—

7 (A) by striking “and plan sponsor” and in-
8 serting “, the plan sponsor, or the corporation”,
9 and

10 (B) by striking “subparagraph (A)(i)” and
11 inserting “subparagraph (A)”.

12 (f) AMENDMENTS RELATED TO SECTION 508.—Sec-
13 tion 209(a) of ERISA is amended—

14 (1) in paragraph (1)—

15 (A) by striking “regulations prescribed by
16 the Secretary” and inserting “such regulations
17 as the Secretary may prescribe”, and

18 (B) by striking the last sentence and in-
19 serting “The report required under this para-
20 graph shall be in the same form, and contain
21 the same information, as periodic benefit state-
22 ments under section 105(a).”, and

23 (2) by striking paragraph (2) and inserting the
24 following:

1 “(2) If more than one employer adopts a plan,
 2 each such employer shall furnish to the plan admin-
 3 istrator the information necessary for the adminis-
 4 trator to maintain the records, and make the re-
 5 ports, required by paragraph (1). Such adminis-
 6 trator shall maintain the records, and make the re-
 7 ports, required by paragraph (1).”.

8 (g) AMENDMENT RELATED TO SECTION 509.—Sec-
 9 tion 101(i)(8)(B) of ERISA is amended to read as follows:

10 “(B) ONE-PARTICIPANT RETIREMENT
 11 PLAN.—For purposes of subparagraph (A), the
 12 term ‘one-participant retirement plan’ means a
 13 retirement plan that on the first day of the plan
 14 year—

15 “(i) covered only one individual (or
 16 the individual and the individual’s spouse)
 17 and the individual (or the individual and
 18 the individual’s spouse) owned 100 percent
 19 of the plan sponsor (whether or not incor-
 20 porated), or

21 “(ii) covered only one or more part-
 22 ners (or partners and their spouses) in the
 23 plan sponsor.”.

24 **SEC. 106. AMENDMENTS RELATED TO TITLE VI.**

25 (a) AMENDMENTS RELATED TO SECTION 601.—

1 (1) AMENDMENTS TO ERISA.—

2 (A) Section 408(g)(3)(D)(ii) of ERISA is
3 amended by striking “subsection (b)(14)(B)(ii)”
4 and inserting “subsection (b)(14)(A)(ii)”.

5 (B) Section 408(g)(6)(A)(i) of ERISA is
6 amended by striking “financial adviser” and in-
7 serting “fiduciary adviser”.

8 (C) Section 408(g)(11)(A) of ERISA is
9 amended—

10 (i) by striking “the participant” each
11 place it appears and inserting “a partici-
12 pant”, and

13 (ii) by striking “section 408(b)(4)” in
14 clause (ii) and inserting “subsection
15 (b)(4)”.

16 (2) AMENDMENTS TO 1986 CODE.—

17 (A) Section 4975(d)(17) of the 1986 Code,
18 in the matter preceding subparagraph (A), is
19 amended by striking “and that permits” and in-
20 serting “that permits”.

21 (B) Section 4975(f)(8) of the 1986 Code is
22 amended—

23 (i) in subparagraph (A), by striking
24 “subsection (b)(14)” and inserting “sub-
25 section (d)(17)”.

1 (ii) in subparagraph (C)(iv)(II), by
 2 striking “subsection (b)(14)(B)(ii)” and in-
 3 serting “(d)(17)(A)(ii),”

4 (iii) in subparagraph (F)(i)(I), by
 5 striking “financial adviser” and inserting
 6 “fiduciary adviser,”

7 (iv) in subparagraph (I), by striking
 8 “section 406” and inserting “subsection
 9 (c),” and

10 (v) in subparagraph (J)(i)—

11 (I) by striking “the participant”
 12 each place it appears and inserting “a
 13 participant”,

14 (II) in the matter preceding sub-
 15 clause (I), by inserting “referred to in
 16 subsection (e)(3)(B)” after “invest-
 17 ment advice”, and

18 (III) in subclause (II), by strik-
 19 ing “section 408(b)(4)” and inserting
 20 “subsection (d)(4)”.

21 (3) AMENDMENT TO 2006 ACT.—Section
 22 601(b)(4) of the 2006 Act is amended by striking
 23 “section 4975(e)(3)(B)” and inserting “section
 24 4975(e)(3)(B)”.

25 (b) AMENDMENTS RELATED TO SECTION 611.—

1 (1) AMENDMENT TO ERISA.—Section
2 408(b)(18)(C) of ERISA is amended by striking “or
3 less”.

4 (2) AMENDMENTS TO 1986 CODE.—Section
5 4975(d) of the 1986 Code is amended—

6 (A) in the matter preceding subparagraph
7 (A) of paragraph (18)—

8 (i) by striking “party in interest” and
9 inserting “disqualified person”, and

10 (ii) by striking “subsection (e)(3)(B)”
11 and inserting “subsection (e)(3)”,

12 (B) in paragraphs (19), (20), and (21), by
13 striking “party in interest” each place it ap-
14 pears and inserting “disqualified person”, and

15 (C) by striking “or less” in paragraph
16 (21)(C).

17 (c) AMENDMENTS RELATED TO SECTION 612.—Sec-
18 tion 4975(f)(11)(B)(i) of the 1986 Code is amended by—

19 (1) inserting “of the Employee Retirement In-
20 come Security Act of 1974” after “section
21 407(d)(1)”, and

22 (2) inserting “of such Act” after “section
23 407(d)(2)”.

24 (d) AMENDMENTS RELATED TO SECTION 624.—Sec-
25 tion 404(c)(5) of ERISA is amended by striking “partici-

1 pant” each place it appears and inserting “participant or
2 beneficiary”.

3 **SEC. 107. AMENDMENTS RELATED TO TITLE VII.**

4 (a) AMENDMENTS TO ERISA.—

5 (1) Section 203(f)(1)(B) of ERISA is amended
6 to read as follows:

7 “(B) the requirements of section 204(c) or
8 205(g), or the requirements of subsection (e),
9 with respect to accrued benefits derived from
10 employer contributions,”.

11 (2) Section 204(b)(5) of ERISA is amended—

12 (A) by striking “clause” in subparagraph
13 (A)(iii) and inserting “subparagraph”, and

14 (B) by inserting “otherwise” before “allow-
15 able” in subparagraph (C).

16 (3) Subclause (II) of section 204(b)(5)(B)(i) of
17 ERISA is amended to read as follows:

18 “(II) PRESERVATION OF CAP-
19 ITAL.—An applicable defined benefit
20 plan shall be treated as failing to
21 meet the requirements of paragraph
22 (1)(H) unless the plan provides that
23 an interest credit (or equivalent
24 amount) of less than zero shall in no
25 event result in the account balance or

1 similar amount being less than the ag-
2 gregate amount of contributions cred-
3 ited to the account.”.

4 (b) AMENDMENTS TO 1986 CODE.—

5 (1) Section 411(b)(5) of the 1986 Code is
6 amended—

7 (A) by striking “clause” in subparagraph
8 (A)(iii) and inserting “subparagraph”, and

9 (B) by inserting “otherwise” before “allow-
10 able” in subparagraph (C).

11 (2) Section 411(a)(13)(A) of the 1986 Code is
12 amended—

13 (A) by striking “paragraph (2)” in clause
14 (i) and inserting “subparagraph (B)”,

15 (B) by striking clause (ii) and inserting the
16 following new clause:

17 “(ii) the requirements of subsection
18 (a)(11) or (c), or the requirements of sec-
19 tion 417(e), with respect to accrued bene-
20 fits derived from employer contributions,”
21 and

22 (C) by striking “paragraph (3)” in the
23 matter following clause (ii) and inserting “sub-
24 paragraph (C)”.

1 (3) Subclause (II) of section 411(b)(5)(B)(i) of
2 the 1986 Code is amended to read as follows:

3 “(II) PRESERVATION OF CAP-
4 ITAL.—An applicable defined benefit
5 plan shall be treated as failing to
6 meet the requirements of paragraph
7 (1)(H) unless the plan provides that
8 an interest credit (or equivalent
9 amount) of less than zero shall in no
10 event result in the account balance or
11 similar amount being less than the ag-
12 gregate amount of contributions cred-
13 ited to the account.”.

14 (c) AMENDMENTS TO 2006 ACT.—

15 (1) Section 701(d)(2) of the 2006 Act is
16 amended by striking “204(g)” and inserting
17 “205(g)”.

18 (2) Section 701(e) of the 2006 Act is amend-
19 ed—

20 (A) by inserting “on or” after “period” in
21 paragraph (3),

22 (B) in paragraph (4)—

23 (i) by inserting “the earlier of” after
24 “before” in the matter preceding subpara-
25 graph (A), and

1 (ii) by striking “earlier” and inserting
 2 “later” in subparagraph (A),
 3 (C) by inserting “on or” before “after”
 4 each place it appears in paragraph (5), and
 5 (D) by adding at the end the following new
 6 paragraph:

7 “(6) SPECIAL RULE FOR VESTING REQUIRE-
 8 MENTS.—The requirements of section 203(f)(2) of
 9 the Employee Retirement Income Security Act of
 10 1974 and section 411(a)(13)(B) of the Internal Rev-
 11 enue Code of 1986 (as added by this Act)—

12 “(A) shall not apply to a participant who
 13 does not have an hour of service after the effec-
 14 tive date of such requirements (as otherwise de-
 15 termined under this subsection); and

16 “(B) in the case of a plan other than a
 17 plan described in paragraph (3) or (4), shall
 18 apply to plan years ending on or after June 29,
 19 2005.”.

20 **SEC. 108. AMENDMENTS RELATED TO TITLE VIII.**

21 (a) AMENDMENTS RELATED TO SECTION 801.—

22 (1) Section 404(o) of the 1986 Code is amend-
 23 ed—

24 (A) by striking “430(g)(2)” in paragraph
 25 (2)(A)(ii) and inserting “430(g)(3)”, and

1 (B) by striking “412(f)(4)” in paragraph
2 (4)(B) and inserting “412(d)(3)”.

3 (2) Section 404(a)(7)(A) of the 1986 Code is
4 amended—

5 (A) by striking the next to last sentence,
6 and

7 (B) by striking “the plan’s funding short-
8 fall determined under section 430” in the last
9 sentence and inserting “the excess (if any) of
10 the plan’s funding target (as defined in section
11 430(d)(1)) over the value of the plan’s assets
12 (as determined under section 430(g)(3))”.

13 (b) AMENDMENT RELATED TO SECTION 802.—Sec-
14 tion 404(a)(1)(D)(i) of the 1986 Code is amended by
15 striking “431(c)(6)(C)” and inserting “431(c)(6)(D)”.

16 (c) AMENDMENT RELATED TO SECTION 803.—
17 Clause (iii) of section 404(a)(7)(C) of the 1986 Code is
18 amended to read as follows:

19 “(iii) LIMITATION.—In the case of
20 employer contributions to 1 or more de-
21 fined contribution plans—

22 “(I) if such contributions do not
23 exceed 6 percent of the compensation
24 otherwise paid or accrued during the
25 taxable year to the beneficiaries under

1 such plans, this paragraph shall not
2 apply to such contributions or to em-
3 ployer contributions to the defined
4 benefit plans to which this paragraph
5 would otherwise apply by reason of
6 contributions to the defined contribu-
7 tion plans, and

8 “(II) if such contributions exceed
9 6 percent of such compensation, this
10 paragraph shall be applied by only
11 taking into account such contributions
12 to the extent of such excess.

13 For purposes of this clause, amounts car-
14 ried over from preceding taxable years
15 under subparagraph (B) shall be treated
16 as employer contributions to 1 or more de-
17 fined contributions plans to the extent at-
18 tributable to employer contributions to
19 such plans in such preceding taxable
20 years.”.

21 (d) AMENDMENTS RELATED TO SECTION 824.—

22 (1) Section 408A(c)(3)(B) of the 1986 Code, as
23 in effect after the amendments made by section
24 824(b)(1) of the 2006 Act, is amended—

1 (A) by striking the second “an” before “el-
2 igible”,

3 (B) by striking “other than a Roth IRA”,
4 and

5 (C) by adding at the end the following new
6 flush sentence:

7 “This subparagraph shall not apply to a quali-
8 fied rollover contribution from a Roth IRA or
9 to a qualified rollover contribution from a des-
10 ignated Roth account which is a rollover con-
11 tribution described in section 402A(c)(3)(A).”

12 (2) Section 408A(d)(3)(B), as in effect after
13 the amendments made by section 824(b)(2)(B) of
14 the 2006 Act, is amended by striking “(other than
15 a Roth IRA)” and by inserting at the end the fol-
16 lowing new sentence: “This paragraph shall not
17 apply to a distribution which is a qualified rollover
18 contribution from a Roth IRA or a qualified rollover
19 contribution from a designated Roth account which
20 is a rollover contribution described in section
21 402A(c)(3)(A)”.

22 (e) AMENDMENT TO SECTION 827.—The first sen-
23 tence of section 72(t)(2)(G)(iv) of the 1986 Code is
24 amended by inserting “on or” before “before”.

25 (f) AMENDMENTS RELATED TO SECTION 829.—

1 (1) Section 402(c)(11) of the 1986 Code is
2 amended—

3 (A) by inserting “described in paragraph
4 (8)(B)(iii)” after “eligible retirement plan” in
5 subparagraph (A), and

6 (B) by striking “trust” before “designated
7 beneficiary” in subparagraph (B).

8 (2)(A) Section 402(f)(2)(A) of the 1986 Code is
9 amended by adding at the end the following new
10 sentence: “Such term shall include any distribution
11 to a designated beneficiary which would be treated
12 as an eligible rollover distribution by reason of sub-
13 section (c)(11), or section 403(a)(4)(B),
14 403(b)(8)(B), or 457(e)(16)(B), if the requirements
15 of subsection (c)(11) were satisfied.”

16 (B) Clause (i) of section 402(c)(11)(A) of the
17 1986 Code is amended by striking “for purposes of
18 this subsection”.

19 (C) The amendments made by this paragraph
20 shall apply with respect to plan years beginning
21 after December 31, 2009.

22 (g) AMENDMENT RELATED TO SECTION 832.—Sec-
23 tion 415(f) of the 1986 Code is amended by striking para-
24 graph (2) and by redesignating paragraph (3) as para-
25 graph (2).

1 (h) AMENDMENTS RELATED TO SECTION 833.—

2 (1) Section 408A(c)(3)(C) of the 1986 Code, as
3 added by section 833(c) of the 2006 Act, is redesign-
4 nated as subparagraph (E).

5 (2) In the case of taxable years beginning after
6 December 31, 2009, section 408A(c)(3)(E) of the
7 1986 Code (as redesignated by paragraph (1))—

8 (A) is redesignated as subparagraph (D),
9 and

10 (B) is amended by striking “subparagraph
11 (C)(ii)” and inserting “subparagraph (B)(ii)”.

12 (i) AMENDMENTS RELATED TO SECTION 841.—

13 (1) Section 420(c)(1)(A) of the 1986 Code is
14 amended by adding at the end the following new
15 sentence: “In the case of a qualified future transfer
16 or collectively bargained transfer to which subsection
17 (f) applies, any assets so transferred may also be
18 used to pay liabilities described in subsection
19 (f)(2)(C).”

20 (2) Section 420(f)(2) of the 1986 Code is
21 amended by striking “such” before “the applicable”
22 in subparagraph (D)(i)(I).

23 (3) Section 4980(c)(2)(B) of the 1986 Code is
24 amended by striking “or” at the end of clause (i),
25 by striking the period at the end of clause (ii) and

1 inserting “, or”, and by adding at the end the fol-
2 lowing new clause:

3 “(iii) any transfer described in section
4 420(f)(2)(B)(ii)(II).”.

5 (j) AMENDMENTS RELATED TO SECTION 845.—

6 (1) Subsection (l) of section 402 of the 1986
7 Code is amended—

8 (A) in paragraph (1)—

9 (i) by inserting “maintained by the
10 employer described in paragraph (4)(B)”
11 after “an eligible retirement plan”, and

12 (ii) by striking “of the employee, his
13 spouse, or dependents (as defined in sec-
14 tion 152)” ,

15 (B) in paragraph (4)(D), by—

16 (i) inserting “(as defined in section
17 152)” after “dependents”, and

18 (ii) striking “health insurance plan”
19 and inserting “health plan”, and

20 (C) in paragraph (5)(A), by striking
21 “health insurance plan” and inserting “health
22 plan”.

23 (2) Subparagraph (B) of section 402(l)(3) of
24 the 1986 Code is amended by striking “all amounts
25 distributed from all eligible retirement plans were

1 treated as 1 contract for purposes of determining
2 the inclusion of such distribution under section 72”
3 and inserting “all amounts to the credit of the eligi-
4 ble public safety officer in all eligible retirement
5 plans maintained by the employer described in para-
6 graph (4)(B) were distributed during such taxable
7 year and all such plans were treated as 1 contract
8 for purposes of determining under section 72 the ag-
9 gregate amount which would have been so includ-
10 ible”.

11 (k) AMENDMENTS RELATED TO SECTION 854.—

12 (1) Section 3121(b)(5)(E) of the 1986 Code is
13 amended by striking “or special trial judge”.

14 (2) Section 210(a)(5)(E) of the Social Security
15 Act is amended by striking “or special trial judge”.

16 (l) AMENDMENTS RELATED TO SECTION 856.—Sec-
17 tion 856 of the 2006 Act, and the amendments made by
18 such section, are hereby repealed, and the Internal Rev-
19 enue Code of 1986 shall be applied and administered as
20 if such sections and amendments had not been enacted.

21 (m) AMENDMENT RELATED TO SECTION 864.—Sec-
22 tion 864(a) of the 2006 Act is amended by striking “Rec-
23 onciliation”.

1 **SEC. 109. AMENDMENTS RELATED TO TITLE IX.**

2 (a) AMENDMENT RELATED TO SECTION 901.—Sec-
3 tion 401(a)(35)(E)(iv) of the 1986 Code is amended to
4 read as follows:

5 “(iv) ONE-PARTICIPANT RETIREMENT
6 PLAN.—For purposes of clause (iii), the
7 term ‘one-participant retirement plan’
8 means a retirement plan that on the first
9 day of the plan year—

10 “(I) covered only one individual
11 (or the individual and the individual’s
12 spouse) and the individual (or the in-
13 dividual and the individual’s spouse)
14 owned 100 percent of the plan spon-
15 sor (whether or not incorporated), or
16 “(II) covered only one or more
17 partners (or partners and their
18 spouses) in the plan sponsor.”.

19 (b) AMENDMENTS RELATED TO SECTION 902.—

20 (1) Section 401(k)(13)(D)(i)(I) of the 1986
21 Code is amended by striking “such compensation as
22 exceeds 1 percent but does not” and inserting “such
23 contributions as exceed 1 percent but do not”.

24 (2) Sections 401(k)(8)(E) and 411(a)(3)(G) of
25 the 1986 Code are each amended—

1 (A) by striking “an erroneous automatic
2 contribution” and inserting “a permissible with-
3 drawal”, and

4 (B) by striking “ERRONEOUS AUTOMATIC
5 CONTRIBUTION” in the heading and inserting
6 “PERMISSIBLE WITHDRAWAL”.

7 (3) Section 402(g)(2)(A)(ii) of the 1986 Code is
8 amended by inserting “through the end of such tax-
9 able year” after “such amount”.

10 (4) Section 414(w)(3) of the 1986 Code is
11 amended—

12 (A) in subparagraph (B), by inserting
13 “and” after the comma at the end,

14 (B) by striking subparagraph (C), and

15 (C) by redesignating subparagraph (D) as
16 subparagraph (C).

17 (5) Section 414(w)(5) of the 1986 Code is
18 amended by striking “and” at the end of subpara-
19 graph (B), by striking the period at the end of sub-
20 paragraph (C) and inserting a comma, and by add-
21 ing at the end the following:

22 “(D) a simplified employee pension the
23 terms of which provide for a salary reduction
24 arrangement described in section 408(k)(6),
25 and

1 “(E) a simple retirement account (as de-
2 fined in section 408(p)).”.

3 (6) Section 414(w)(6) of the 1986 Code is
4 amended by inserting “or for purposes of applying
5 the limitation under section 402(g)(1)” before the
6 period at the end.

7 (c) AMENDMENTS RELATED TO SECTION 903.—

8 (1) AMENDMENT OF 1986 CODE.—Section
9 414(x)(1) of the 1986 Code is amended by adding
10 at the end of paragraph (1) the following new sen-
11 tence: “In the case of a termination of the defined
12 benefit plan and the applicable defined contribution
13 plan forming part of an eligible combined plan, the
14 plan administrator shall terminate each such plan
15 separately.”

16 (2) AMENDMENTS OF ERISA.—Section 210(e)
17 of ERISA is amended—

18 (A) by adding at the end of paragraph (1)
19 the following new sentence: “In the case of a
20 termination of the defined benefit plan and the
21 applicable defined contribution plan forming
22 part of an eligible combined plan, the plan ad-
23 ministrator shall terminate each such plan sep-
24 arately.”, and

1 (B) by striking paragraph (3) and by re-
 2 designating paragraphs (4), (5), and (6) as
 3 paragraphs (3), (4), and (5), respectively.

4 (d) AMENDMENTS RELATED TO SECTION 906.—

5 (1) Section 906(b)(1)(B)(ii) of the 2006 Act is
 6 amended by striking “paragraph (1)” and inserting
 7 “paragraph (10)”.

8 (2) Section 4021(b) of ERISA is amended by
 9 inserting “or” at the end of paragraph (12), by
 10 striking “; or” at the end of paragraph (13) and in-
 11 serting a period, and by striking paragraph (14).

12 **SEC. 110. AMENDMENTS RELATED TO TITLE X.**

13 (a) AMENDMENTS TO RAILROAD RETIREMENT
 14 ACT.—

15 (1) Section 14(b) of the Railroad Retirement
 16 Act of 1974 (45 U.S.C. 231m(b)) is amended by
 17 adding at the end the following:

18 “(3)(A) Payments made pursuant to paragraph
 19 (2) of this subsection shall not require that the em-
 20 ployee be entitled to an annuity under section
 21 2(a)(1) of this Act: Provided, however, That where
 22 an employee is not entitled to such an annuity, pay-
 23 ments made pursuant to paragraph (2) may not
 24 begin before the month in which the following three
 25 conditions are satisfied:

1 “(i) The employee has completed ten years
2 of service in the railroad industry or, five years
3 of service all of which accrues after December
4 31, 1995.

5 “(ii) The spouse or former spouse attains
6 age 62.

7 “(iii) The employee attains age 62 (or if
8 deceased, would have attained age 62).

9 “(B) Payments made pursuant to paragraph
10 (2) of this subsection shall terminate upon the death
11 of the spouse or former spouse, unless the court doc-
12 ument provides for termination at an earlier date.
13 Notwithstanding the language in a court order, that
14 portion of payments made pursuant to paragraph
15 (2) which represents payments computed pursuant
16 to section 3(f)(2) of this Act shall not be paid after
17 the death of the employee.

18 “(C) If the employee is not entitled to an annu-
19 ity under section 2(a)(1) of this Act, payments made
20 pursuant to paragraph (2) of this subsection shall be
21 computed as though the employee were entitled to
22 an annuity.”.

23 (2) Subsection (d) of section 5 of the Railroad
24 Retirement Act (45 U.S.C. 231d) is repealed.

25 (b) EFFECTIVE DATES.—

1 (1) SUBSECTION (a)(1).—The amendment
 2 made by subsection (a)(1) shall apply with respect to
 3 payments due for months after August 2007. If,
 4 prior to the effective date of such amendment, pay-
 5 ment pursuant to paragraph (2) of section 14(b) of
 6 the Railroad Retirement Act of 1974 (45 U.S.C.
 7 231m(b)) was terminated because of the employee’s
 8 death, payment to the former spouse may be rein-
 9 stated for months after August 2007.

10 (2) SUBSECTION (a)(2).—The amendment
 11 made by subsection (a)(2) shall take effect upon the
 12 date of the enactment of this Act.

13 **SEC. 111. AMENDMENTS RELATED TO TITLE XI.**

14 (a) AMENDMENT RELATED TO SECTION 1104.—Sec-
 15 tion 1104(d)(1) of the 2006 Act is amended by striking
 16 “Act” the first place it appears and inserting “section”.

17 (b) AMENDMENTS RELATED TO SECTION 1105.—
 18 Section 3304(a) of the 1986 Code is amended—

19 (1) in paragraph (15)—

20 (A) by redesignating clauses (i) and (ii) of
 21 subparagraph (A) as subclauses (I) and (II),

22 (B) by redesignating subparagraphs (A)
 23 and (B) as clauses (i) and (ii),

1 (C) by striking the semicolon at the end of
2 clause (ii) (as so redesignated) and inserting “,
3 and”,

4 (D) by striking “(15)” and inserting
5 “(15)(A) subject to subparagraph (B),”, and

6 (E) by adding at the end the following:

7 “(B) the amount of compensation shall not
8 be reduced on account of any payments of gov-
9 ernmental or other pensions, retirement or re-
10 tired pay, annuity, or other similar payments
11 which are not includible in the gross income of
12 the individual for the taxable year in which it
13 was paid because it was part of a rollover dis-
14 tribution;”, and

15 (2) by striking the last sentence.

16 (c) AMENDMENTS RELATED TO SECTION 1106.—

17 Section 3(37)(G) of ERISA is amended by—

18 (1) striking “paragraph” each place it appears
19 in clauses (ii), (iii), and (v)(I) and inserting “sub-
20 paragraph”,

21 (2) striking “subclause (i)(II)” in clause (iii)
22 and inserting “clause (i)(II)”,

23 (3) striking “subparagraph” in clause (v)(II)
24 and inserting “clause”, and

1 (4) by striking “section 101(b)(4)” in clause
 2 (v)(III) and inserting “section 101(b)(1)”.

3 **SEC. 112. EFFECTIVE DATE.**

4 Except as otherwise provided in this subtitle, the
 5 amendments made by this subtitle shall take effect as if
 6 included in the provisions of the 2006 Act to which the
 7 amendments relate.

8 **Subtitle B—Other Provisions**

9 **SEC. 121. AMENDMENTS RELATED TO SECTIONS 102 AND**
 10 **112 OF THE PENSION PROTECTION ACT OF**
 11 **2006.**

12 (a) AMENDMENT OF ERISA.—The last sentence of
 13 section 303(g)(3)(B) of ERISA is amended to read as fol-
 14 lows: “Any such averaging shall be adjusted for contribu-
 15 tions, distributions, and expected earnings (as determined
 16 by the plan’s actuary on the basis of an assumed earnings
 17 rate specified by the actuary but not in excess of the third
 18 segment rate applicable under subsection (h)(2)(C)(iii)),
 19 as specified by the Secretary of the Treasury.”.

20 (b) AMENDMENT OF 1986 CODE.—The last sentence
 21 of section 430(g)(3)(B) of the 1986 Code is amended to
 22 read as follows: “Any such averaging shall be adjusted for
 23 contributions, distributions, and expected earnings (as de-
 24 termined by the plan’s actuary on the basis of an assumed
 25 earnings rate specified by the actuary but not in excess

1 of the third segment rate applicable under subsection
 2 (h)(2)(C)(iii)), as specified by the Secretary.”.

3 (c) EFFECTIVE DATE.—The amendments made by
 4 this section shall take effect as if included in the provisions
 5 of the 2006 Act to which the amendments relate.

6 **SEC. 122. MODIFICATION OF INTEREST RATE ASSUMPTION**
 7 **REQUIRED WITH RESPECT TO CERTAIN**
 8 **SMALL EMPLOYER PLANS.**

9 (a) IN GENERAL.—Subparagraph (E) of section
 10 415(b)(2) of the 1986 Code (relating to limitation on cer-
 11 tain assumptions) is amended by adding at the end the
 12 following new clause:

13 “(vi) In the case of a plan maintained
 14 by an eligible employer (as defined in sec-
 15 tion 408(p)(2)(C)(i)), clause (ii) shall be
 16 applied without regard to subclause (II)
 17 thereof.”.

18 (b) EFFECTIVE DATE.—The amendment made by
 19 this section shall apply to years beginning after December
 20 31, 2008.

21 **SEC. 123. DETERMINATION OF MARKET RATE OF RETURN**
 22 **FOR GOVERNMENTAL PLANS.**

23 (a) AMENDMENT OF ADEA.—Section
 24 4(i)(10)(B)(i)(III) of the Age Discrimination in Employ-
 25 ment Act of 1967 (29 U.S.C. 623(i)(10)(B)(i)(III)) is

1 amended by adding at the end the following: “In the case
2 of a governmental plan (as defined in the first sentence
3 of section 414(d) of the Internal Revenue Code of 1986),
4 a rate of return or a method of crediting interest estab-
5 lished pursuant to any provision of Federal, State, or local
6 law (including any administrative rule or policy adopted
7 in accordance with any such law) shall be treated as a
8 market rate of return for purposes of subclause (I) and
9 a permissible method of crediting interest for purposes of
10 meeting the requirements of subclause (I), except that this
11 sentence shall only apply to a rate of return or method
12 of crediting interest if such rate or method does not violate
13 any other requirement of this Act.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall take effect as if included in the provisions
16 of the Pension Protection Act of 2006 to which such
17 amendment relates.

18 **SEC. 124. TREATMENT OF CERTAIN REIMBURSEMENTS**
19 **FROM GOVERNMENTAL PLANS FOR MEDICAL**
20 **CARE.**

21 (a) IN GENERAL.—Section 105 of the 1986 Code (re-
22 lating to amounts received under accident and health
23 plans) is amended by adding at the end the following new
24 subsection:

1 “(j) SPECIAL RULE FOR CERTAIN GOVERNMENTAL
2 PLANS.—

3 “(1) IN GENERAL.—For purposes of subsection
4 (b), amounts paid (directly or indirectly) to the tax-
5 payer from an accident or health plan described in
6 paragraph (2) shall not fail to be excluded from
7 gross income solely because such plan, on or before
8 January 1, 2008, provides for reimbursements of
9 health care expenses of a deceased plan participant’s
10 beneficiary.

11 “(2) PLAN DESCRIBED.—An accident or health
12 plan is described in this paragraph if such plan is
13 funded by a medical trust that is established in con-
14 nection with a public retirement system and that—

15 “(A) has been authorized by a State legis-
16 lature, or

17 “(B) has received a favorable ruling from
18 the Internal Revenue Service that the trust’s in-
19 come is not includible in gross income under
20 section 115.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 subsection (a) shall apply to payments before, on, or after
23 the date of the enactment of this Act.

1 **SEC. 125. ROLLOVER OF AMOUNTS RECEIVED IN AIRLINE**
2 **CARRIER BANKRUPTCY TO ROTH IRAS.**

3 (a) GENERAL RULE.—If a qualified airline employee
4 receives any airline payment amount and transfers any
5 portion of such amount to a Roth IRA within 180 days
6 of receipt of such amount (or, if later, within 180 days
7 of the date of the enactment of this Act), then such
8 amount (to the extent so transferred) shall be treated as
9 a qualified rollover contribution described in section
10 408A(e) of the Internal Revenue Code of 1986, and the
11 limitations described in section 408A(c)(3) of such Code
12 shall not apply to any such transfer.

13 (b) DEFINITIONS AND SPECIAL RULES.—For pur-
14 poses of this section—

15 (1) AIRLINE PAYMENT AMOUNT.—

16 (A) IN GENERAL.—The term “airline pay-
17 ment amount” means any payment of any
18 money or other property which is payable by a
19 commercial passenger airline carrier to a quali-
20 fied airline employee—

21 (i) under the approval of an order of
22 a Federal bankruptcy court in a case filed
23 after September 11, 2001, and before Jan-
24 uary 1, 2007, and

25 (ii) in respect of the qualified airline
26 employee’s interest in a bankruptcy claim

1 against the carrier, any note of the carrier
2 (or amount paid in lieu of a note being
3 issued), or any other fixed obligation of the
4 carrier to pay a lump sum amount.

5 The amount of such payment shall be deter-
6 mined without regard to any requirement to de-
7 duct and withhold tax from such payment
8 under sections 3102(a) and 3402(a).

9 (B) EXCEPTION.—An airline payment
10 amount shall not include any amount payable
11 on the basis of the carrier’s future earnings or
12 profits.

13 (2) QUALIFIED AIRLINE EMPLOYEE.—The term
14 “qualified airline employee” means an employee or
15 former employee of a commercial passenger airline
16 carrier who was a participant in a defined benefit
17 plan maintained by the carrier which—

18 (A) is a plan described in section 401(a) of
19 the Internal Revenue Code of 1986 which in-
20 cludes a trust exempt from tax under section
21 501(a) of such Code, and

22 (B) was terminated or became subject to
23 the restrictions contained in paragraphs (2) and
24 (3) of section 402(b) of the Pension Protection
25 Act of 2006.

1 (3) REPORTING REQUIREMENTS.—If a commer-
 2 cial passenger airline carrier pays 1 or more airline
 3 payment amounts, the carrier shall, within 90 days
 4 of such payment (or, if later, within 90 days of the
 5 date of the enactment of this Act), report—

6 (A) to the Secretary of the Treasury, the
 7 names of the qualified airline employees to
 8 whom such amounts were paid, and

9 (B) to the Secretary and to such employ-
 10 ees, the years and the amounts of the pay-
 11 ments.

12 Such reports shall be in such form, and contain such
 13 additional information, as the Secretary may pre-
 14 scribe.

15 (c) EFFECTIVE DATE.—This section shall apply to
 16 transfers made after the date of the enactment of this Act
 17 with respect to airline payment amounts paid before, on,
 18 or after such date.

19 **SEC. 126. DETERMINATION OF ASSET VALUE FOR SPECIAL**
 20 **AIRLINE FUNDING RULES.**

21 (a) IN GENERAL.—Section 402(e)(4)(C) of the 2006
 22 Act is amended to read as follows:

23 “(C) the value of plan assets shall be de-
 24 termined under sections 303(g)(3) of such Act
 25 and 430(g)(3) of such Code.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall apply to plan years beginning after De-
3 cember 31, 2007.

4 **SEC. 127. MODIFICATION OF PENALTY FOR FAILURE TO**
5 **FILE PARTNERSHIP RETURNS.**

6 (a) IN GENERAL.—Section 6698(b)(1) of the 1986
7 Code is amended by striking “\$85” and inserting “\$89”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) shall apply to returns required to be filed
10 after December 31, 2008.

11 **SEC. 128. MODIFICATION OF PENALTY FOR FAILURE TO**
12 **FILE S CORPORATION RETURNS.**

13 (a) IN GENERAL.—Section 6699(b)(1) of the 1986
14 Code is amended by striking “\$85” and inserting “\$89”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 subsection (a) shall apply to returns required to be filed
17 after December 31, 2008.

18 **TITLE II—PENSION PROVISIONS**
19 **RELATING TO ECONOMIC CRISIS**

20 **SEC. 201. TEMPORARY WAIVER OF REQUIRED MINIMUM**
21 **DISTRIBUTION RULES FOR CERTAIN RETIRE-**
22 **MENT PLANS AND ACCOUNTS.**

23 (a) IN GENERAL.—Section 401(a)(9) of the Internal
24 Revenue Code of 1986 (relating to required distributions)

1 is amended by adding at the end the following new sub-
2 paragraph:

3 “(H) TEMPORARY WAIVER OF MINIMUM
4 REQUIRED DISTRIBUTION.—

5 “(i) IN GENERAL.—The requirements
6 of this paragraph shall not apply for cal-
7 endar year 2009 to—

8 “(I) a defined contribution plan
9 which is described in this subsection
10 or in section 403(a) or 403(b),

11 “(II) a defined contribution plan
12 which is an eligible deferred com-
13 pensation plan described in section
14 457(b) but only if such plan is main-
15 tained by an employer described in
16 section 457(e)(1)(A), or

17 “(III) an individual retirement
18 plan.

19 “(ii) SPECIAL RULES REGARDING
20 WAIVER PERIOD.—For purposes of this
21 paragraph—

22 “(I) the required beginning date
23 with respect to any individual shall be
24 determined without regard to this
25 subparagraph for purposes of applying

1 this paragraph for calendar years
2 after 2009, and

3 “(II) if clause (ii) of subpara-
4 graph (B) applies, the 5-year period
5 described in such clause shall be de-
6 termined without regard to calendar
7 year 2009.”.

8 (b) ELIGIBLE ROLLOVER DISTRIBUTIONS.—Section
9 402(c)(4) of the Internal Revenue Code of 1986 (defining
10 eligible rollover distribution) is amended by adding at the
11 end the following new flush sentence:

12 “If all or any portion of a distribution during 2009
13 is treated as an eligible rollover distribution but
14 would not be so treated if the minimum distribution
15 requirements under section 401(a)(9) had applied
16 during 2009, such distribution shall not be treated
17 as an eligible rollover distribution for purposes of
18 section 401(a)(31) or 3405(c) or subsection (f) of
19 this section.”.

20 (c) EFFECTIVE DATES.—

21 (1) IN GENERAL.—The amendments made by
22 this section shall apply for calendar years beginning
23 after December 31, 2008.

24 (2) PROVISIONS RELATING TO PLAN OR CON-
25 TRACT AMENDMENTS.—

1 (A) IN GENERAL.—If this paragraph ap-
2 plies to any pension plan or contract amend-
3 ment, such pension plan or contract shall not
4 fail to be treated as being operated in accord-
5 ance with the terms of the plan during the pe-
6 riod described in subparagraph (B)(ii) solely be-
7 cause the plan operates in accordance with this
8 section.

9 (B) AMENDMENTS TO WHICH PARAGRAPH
10 APPLIES.—

11 (i) IN GENERAL.—This paragraph
12 shall apply to any amendment to any pen-
13 sion plan or annuity contract which—

14 (I) is made pursuant to the
15 amendments made by this section,
16 and

17 (II) is made on or before the last
18 day of the first plan year beginning
19 on or after January 1, 2011.

20 In the case of a governmental plan, sub-
21 clause (II) shall be applied by substituting
22 “2012” for “2011”.

23 (ii) CONDITIONS.—This paragraph
24 shall not apply to any amendment unless
25 during the period beginning on the effec-

1 tive date of the amendment and ending on
2 December 31, 2009, the plan or contract is
3 operated as if such plan or contract
4 amendment were in effect.

5 **SEC. 202. TRANSITION RULE CLARIFICATION.**

6 (a) AMENDMENT TO ERISA.—Subparagraph (B) of
7 section 303(c)(5) of the Employee Retirement Income Se-
8 curity Act of 1974 (29 U.S.C. 1083(c)(5)) is amended—

9 (1) by striking clause (iii) and redesignating
10 clause (iv) as clause (iii); and

11 (2) by striking clause (i) and inserting the fol-
12 lowing:

13 “(i) IN GENERAL.—Except as pro-
14 vided in clause (iii), in the case of plan
15 years beginning after 2007 and before
16 2011, only the applicable percentage of the
17 funding target shall be taken into account
18 under paragraph (3)(A) in determining the
19 funding shortfall for purposes of para-
20 graph (3)(A) and subparagraph (A).”.

21 (b) AMENDMENT TO 1986 CODE.—Subparagraph
22 (B) of section 430(c)(5) of the Internal Revenue Code of
23 1986 is amended—

24 (1) by striking clause (iii) and redesignating
25 clause (iv) as clause (iii); and

1 (2) by striking clause (i) and inserting the fol-
2 lowing:

3 “(i) IN GENERAL.—Except as pro-
4 vided in clause (iii), in the case of plan
5 years beginning after 2007 and before
6 2011, only the applicable percentage of the
7 funding target shall be taken into account
8 under paragraph (3)(A) in determining the
9 funding shortfall for purposes of para-
10 graph (3)(A) and subparagraph (A).”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 subsections (a) and (b) shall apply as if included in the
13 enactment of sections 102 and 112, respectively, of the
14 Pension Protection Act of 2006.

15 **SEC. 203. TEMPORARY MODIFICATION OF APPLICATION OF**
16 **LIMITATION ON BENEFIT ACCRUALS.**

17 In the case of the first plan year beginning during
18 the period beginning on October 1, 2008, and ending on
19 September 30, 2009, sections 206(g)(4)(A) of the Em-
20 ployee Retirement Income Security Act of 1974 (29
21 U.S.C. 1056(g)(4)(A)) and 436(e)(1) of the Internal Rev-
22 enue Code of 1986 shall be applied by substituting the
23 plan’s adjusted funding target attainment percentage for
24 the preceding plan year for such percentage for such plan

1 year but only if the adjusted funding target attainment
2 percentage for the preceding plan year is greater.

3 **SEC. 204. TEMPORARY DELAY OF DESIGNATION OF MULTI-**
4 **EMPLOYER PLANS AS IN ENDANGERED OR**
5 **CRITICAL STATUS.**

6 (a) IN GENERAL.—Notwithstanding the actuarial
7 certification under section 305(b)(3) of the Employee Re-
8 tirement Income Security Act of 1974 and section
9 432(b)(3) of the Internal Revenue Code of 1986, if a plan
10 sponsor of a multiemployer plan elects the application of
11 this section, then, for purposes of section 305 of such Act
12 and section 432 of such Code—

13 (1) the status of the plan for its first plan year
14 beginning during the period beginning on October 1,
15 2008, and ending on September 30, 2009, shall be
16 the same as the status of such plan under such sec-
17 tions for the plan year preceding such plan year, and

18 (2) in the case of a plan which was in endan-
19 gered or critical status for the preceding plan year
20 described in paragraph (1), the plan shall not be re-
21 quired to update its plan or schedules under section
22 305(c)(6) of such Act and section 432(e)(6) of such
23 Code, or section 305(e)(3)(B) of such Act and sec-
24 tion 432(e)(3)(B) of such Code, whichever is appli-

1 cable, until the plan year following the first plan
2 year described in paragraph (1).

3 If section 305 of the Employee Retirement Income Secu-
4 rity Act of 1974 and section 432 of the Internal Revenue
5 Code of 1986 did not apply to the preceding plan year
6 described in paragraph (1), the plan actuary shall make
7 a certification of the status of the plan under section
8 305(b)(3) of such Act and section 432(b)(3) of such Code
9 for the preceding plan year in the same manner as if such
10 sections had applied to such preceding plan year.

11 (b) EXCEPTION FOR PLANS BECOMING CRITICAL
12 DURING ELECTION.—If—

13 (1) an election was made under subsection (a)
14 with respect to a multiemployer plan, and

15 (2) such plan has, without regard to such elec-
16 tion, been certified by the plan actuary under section
17 305(b)(3) of such Act and section 432(b)(3) of such
18 Code to be in critical status for the first plan year
19 described in subsection (a)(1),

20 then such plan shall be treated as a plan in critical status
21 for such plan year for purposes of applying section
22 4971(g)(1)(A) of such Code, section 302(b)(3) of such Act
23 (without regard to the second sentence thereof), and sec-
24 tion 412(b)(3) of such Code (without regard to the second
25 sentence thereof).

1 (c) ELECTION AND NOTICE.—

2 (1) ELECTION.—An election under subsection

3 (a) shall—

4 (A) be made at such time and in such
5 manner as the Secretary of the Treasury or the
6 Secretary's delegate may prescribe and, once
7 made, may be revoked only with the consent of
8 the Secretary, and

9 (B) if the election is made—

10 (i) before the date the annual certifi-
11 cation is submitted to the Secretary or the
12 Secretary's delegate under section
13 305(b)(3) of such Act and section
14 432(b)(3) of such Code, be included with
15 such annual certification, and

16 (ii) after such date, be submitted to
17 the Secretary or the Secretary's delegate
18 not later than 30 days after the date of the
19 election.

20 (2) NOTICE TO PARTICIPANTS.—

21 (A) IN GENERAL.—Notwithstanding sec-
22 tion 305(b)(3)(D) of such Act and section
23 431(b)(3)(D) of such Code, if the plan is nei-
24 ther in endangered nor critical status by reason
25 of an election made under subsection (a)—

1 (i) the plan sponsor of a multiem-
2 ployer plan shall not be required to provide
3 notice under such sections, and

4 (ii) the plan sponsor shall provide to
5 the participants and beneficiaries, the bar-
6 gaining parties, the Pension Benefit Guar-
7 anty Corporation, and the Secretary of
8 Labor a notice of the election and such
9 other information as the Secretary of the
10 Treasury (in consultation with the Sec-
11 retary of Labor) may require—

12 (I) if the election is made before
13 the date the annual certification is
14 submitted to the Secretary or the Sec-
15 retary's delegate under section
16 305(b)(3) of such Act and section
17 432(b)(3) of such Code, not later than
18 30 days after the date of the certifi-
19 cation, and

20 (II) if the election is made after
21 such date, not later than 30 days
22 after the date of the election.

23 (B) NOTICE OF ENDANGERED STATUS.—

24 Notwithstanding section 305(b)(3)(D) of such
25 Act and section 431(b)(3)(D) of such Code, if

1 the plan is certified to be in critical status for
2 any plan year but is in endangered status by
3 reason of an election made under subsection
4 (a), the notice provided under such sections
5 shall be the notice which would have been pro-
6 vided if the plan had been certified to be in en-
7 dangered status.

8 **SEC. 205. TEMPORARY EXTENSION OF THE FUNDING IM-**
9 **PROVEMENT AND REHABILITATION PERIODS**
10 **FOR MULTIEMPLOYER PENSION PLANS IN**
11 **CRITICAL AND ENDANGERED STATUS FOR**
12 **2008 OR 2009.**

13 (a) IN GENERAL.—If the plan sponsor of a multiem-
14 ployer plan which is in endangered or critical status for
15 a plan year beginning in 2008 or 2009 (determined after
16 application of section 204) elects the application of this
17 section, then, for purposes of section 305 of the Employee
18 Retirement Income Security Act of 1974 and section 432
19 of the Internal Revenue Code of 1986—

20 (1) except as provided in paragraph (2), the
21 plan's funding improvement period or rehabilitation
22 period, whichever is applicable, shall be 13 years
23 rather than 10 years, and

6 (1) ELECTION.—An election under this section
7 shall be made at such time, and in such manner and
8 form, as (in consultation with the Secretary of
9 Labor) the Secretary of the Treasury or the Sec-
10 retary's delegate may prescribe.

(c) **EFFECTIVE DATE.**—This section shall apply to plan years beginning after December 31, 2007.

Attest: LORRAINE C. MILLER,
Clerk.