

113TH CONGRESS  
1ST SESSION

# H. R. 2117

To simplify and enhance qualified retirement plans, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 22, 2013

Mr. NEAL introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Education and the Workforce, Armed Services, Oversight and Government Reform, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To simplify and enhance qualified retirement plans, 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; REFERENCE; TABLE OF CON-**  
4       **TENTS.**

5       (a) **SHORT TITLE.**—This Act may be cited as the  
6       “Retirement Plan Simplification and Enhancement Act of  
7       2013”.

8       (b) **AMENDMENT OF 1986 CODE.**—Except as other-  
9       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 of  
 6 this Act is as follows:

Sec. 1. Short title; reference; table of contents.

#### TITLE I—EXPANDING COVERAGE AND INCREASING RETIREMENT SAVINGS

Sec. 101. Modification of automatic enrollment safe harbor.

Sec. 102. Secure deferral arrangements.

Sec. 103. Qualified cash or deferred arrangements must allow long-term employees working more than 500 but less than 1,000 hours per year to participate.

Sec. 104. Separate application of top heavy rules to defined contribution plans covering part-time employees.

Sec. 105. Modification of saver's credit.

Sec. 106. Retirement handbook and retirement readiness checklist.

Sec. 107. Additional time to adopt a qualified plan.

#### TITLE II—ENCOURAGING SMALL BUSINESSES TO ENTER AND REMAIN IN THE EMPLOYER RETIREMENT PLAN SYSTEM

Sec. 201. Increase in credit limitation for small employer pension plan startup costs.

Sec. 202. Eliminating barriers to use of multiple employer plans.

#### TITLE III—PRESERVATION OF INCOME

Sec. 301. Study of application of spousal consent rules to defined contribution plans.

Sec. 302. Administration of joint and survivor annuity requirements.

Sec. 303. Availability of distribution options.

Sec. 304. Rollover of insurance contracts to IRAs.

Sec. 305. Portability of lifetime income options.

Sec. 306. Lost Pension Plan Registry.

#### TITLE IV—SIMPLIFICATION AND CLARIFICATION OF QUALIFIED RETIREMENT PLAN RULES

Sec. 401. Exception from required distributions where aggregate retirement savings do not exceed \$100,000.

Sec. 402. Expansion of Employee Plans Compliance Resolution System.

Sec. 403. Use of forfeitures to fund safe harbor contributions.

Sec. 404. Substantial cessation of operations.

Sec. 405. Church plan clarification.

Sec. 406. Protecting older, longer service participants.

- Sec. 407. Review and report to the Congress relating to reporting and disclosure requirements.
- Sec. 408. Consolidation of defined contribution plan notices.
- Sec. 409. Performance benchmarks for asset allocation funds.
- Sec. 410. Permit nonspousal beneficiaries to roll assets to plans.
- Sec. 411. Eliminate the “first day of the month” requirement.

#### TITLE V—PROVISIONS ENSURING EQUITY IN DIVORCE

- Sec. 501. Special rules relating to treatment of qualified domestic relations orders.
- Sec. 502. Elimination of current connection requirement under Railroad Retirement Act for certain survivors.
- Sec. 503. Permitting divorced spouses and widows and widowers to remarry after turning 60 without a penalty under Railroad Retirement Act.
- Sec. 504. Repeal of jurisdictional requirement for court to treat military retirement pay as property of the military member and spouse.
- Sec. 505. Modification of reductions in disposable retired pay for payments in compliance with court orders.
- Sec. 506. Survivor annuities for widows, widowers, and former spouses of federal employees who die before attaining age for deferred annuity under civil service retirement system.
- Sec. 507. Court orders relating to Federal retirement benefits for former spouses of federal employees.

#### TITLE VI—OFFICE OF PARTICIPANT AND PLAN SPONSOR ADVOCATE

- Sec. 601. Office of Participant and Plan Sponsor Advocate.

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

### 4 **SEC. 101. MODIFICATION OF AUTOMATIC ENROLLMENT** 5 **SAFE HARBOR.**

6 (a) IN GENERAL.—

7 (1) REMOVAL OF 10 PERCENT CAP.—Clause  
8 (iii) of section 401(k)(13)(C) is amended by striking  
9 “, does not exceed 10 percent, and is at least” and  
10 inserting “and is”.

11 (2) CONFORMING AMENDMENTS.—

1           (A)     Subclause     (I)     of     section  
2     401(k)(13)(C)(iii) is amended by striking “3  
3     percent” and inserting “at least 3 percent, but  
4     not greater than 10 percent,”.

5           (B)     Subclause     (II)    of     section  
6     401(k)(13)(C)(iii) is amended by striking “4  
7     percent” and inserting “at least 4 percent”.

8           (C)     Subclause     (III)   of     section  
9     401(k)(13)(C)(iii) is amended by striking “5  
10    percent” and inserting “at least 5 percent”.

11          (D)     Subclause     (IV)   of     section  
12    401(k)(13)(C)(iii) is amended by striking “6  
13    percent” and inserting “at least 6 percent”.

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

17 **SEC. 102. SECURE DEFERRAL ARRANGEMENTS.**

18       (a) **IN GENERAL.**—Subsection (k) of section 401 of  
19 the Internal Revenue Code of 1986 is amended by adding  
20 at the end the following new paragraph:

21               “(14) **ALTERNATIVE METHOD FOR SECURE DE-**  
22       **FERRAL ARRANGEMENTS TO MEET NONDISCRIMINA-**  
23       **TION REQUIREMENTS.**—

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

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

11          “(C) QUALIFIED PERCENTAGE.—For pur-  
12          poses of this paragraph, with respect to any  
13          employee, the term ‘qualified percentage’  
14          means, in lieu of the meaning given such term  
15          in paragraph (13)(C)(iii), any percentage deter-  
16          mined under the arrangement if such percent-  
17          age is applied uniformly and is—

18                 “(i) at least 6 percent, but not greater  
19                 than 10 percent, during the period ending  
20                 on the last day of the first plan year which  
21                 begins after the date on which the first  
22                 elective contribution described in para-  
23                 graph (13)(C)(i) is made with respect to  
24                 such employee,

1           “(ii) at least 8 percent during the  
2 first plan year following the plan year de-  
3 scribed in clause (i), and

4           “(iii) at least 10 percent during any  
5 subsequent plan year.

6           “(D) MATCHING CONTRIBUTIONS.—

7           “(i) IN GENERAL.—For purposes of  
8 this paragraph, an arrangement shall be  
9 treated as having met the requirements of  
10 paragraph (13)(D)(i) if and only if the em-  
11 ployer makes matching contributions on  
12 behalf of each employee who is not a highly  
13 compensated employee in an amount equal  
14 to the sum of 50 percent of the elective  
15 contributions of the employee to the extent  
16 that such contributions do not exceed 2  
17 percent of compensation plus 30 percent of  
18 so much of such contributions as exceed 2  
19 percent but do not exceed 10 percent of  
20 compensation.

21           “(ii) APPLICATION OF RULES FOR  
22 MATCHING CONTRIBUTIONS.—The rules of  
23 clause (ii) of paragraph (12)(B) and  
24 clauses (iii) and (iv) of paragraph (13)(D)  
25 shall apply for purposes of clause (i) but

1 the rule of clause (iii) of paragraph  
2 (12)(B) shall not apply for such purposes.  
3 The rate of matching contribution for each  
4 incremental deferral must be at least as  
5 high as the rate specified in clause (i), and  
6 may be higher, so long as such rate does  
7 not increase as an employee's rate of elec-  
8 tive contributions increases.”.

9 (b) MATCHING CONTRIBUTIONS AND EMPLOYEE  
10 CONTRIBUTIONS.—Subsection (m) of section 401 of such  
11 Code is amended by redesignating paragraph (13) as para-  
12 graph (14) and by adding after paragraph (12) the fol-  
13 lowing new paragraph:

14 “(13) ALTERNATIVE METHOD FOR SECURE DE-  
15 FERRAL ARRAIGNMENTS.—A defined contribution  
16 plan shall be treated as meeting the requirements of  
17 paragraph (2) with respect to matching contribu-  
18 tions and employee contributions if the plan—

19 “(A) is a secure deferral arrangement (as  
20 defined in subsection (k)(14)),

21 “(B) meets the requirements of clauses (ii)  
22 and (iii) of paragraph (11)(B), and

23 “(C) provides that matching contributions  
24 on behalf of any employee may not be made  
25 with respect to an employee's contributions or

1 elective deferrals in excess of 10 percent of the  
2 employee's compensation.”.

3 (c) TAX CREDIT.—

4 (1) IN GENERAL.—Subpart (D) of part IV of  
5 subchapter A of Chapter 1 of subtitle A of such  
6 Code is amended by adding at the end thereof the  
7 following new section:

8 **“SEC. 45S. SECURE DEFERRAL ARRANGEMENTS.**

9 “(a) IN GENERAL.—For purposes of section 38, in  
10 the case of an eligible employer maintaining a qualified  
11 employer plan (as defined in clauses (i) and (ii) of section  
12 4972(d)(1)(A)), the secure deferral arrangement credit  
13 determined under this section for any taxable year is an  
14 amount equal to 10 percent of all contributions under a  
15 secure deferral arrangement (as defined in section  
16 401(k)(14)) made during the plan year ending with or  
17 within the taxable year of the eligible employer by or on  
18 behalf of employees other than highly compensated em-  
19 ployees (as defined in section 414(q)).

20 “(b) DOLLAR LIMITATION.—The amount of the cred-  
21 it determined under this section for any taxable year shall  
22 not exceed—

23 “(1) \$10,000 for the first credit year and each  
24 of the 2 taxable years immediately following the first  
25 credit year, and



1           “(2) zero for any other taxable year.

2           “(c) FIRST CREDIT YEAR.—The term ‘first credit  
3 year’ means—

4           “(1) the taxable year of the eligible employer  
5 with which or within which ends the first plan year  
6 during which the secure deferral arrangement was in  
7 effect for the entire year, or

8           “(2) at the election of the eligible employer, the  
9 taxable year preceding the taxable year referred to  
10 in paragraph (1).

11          “(d) DEFINITION AND SPECIAL RULES.—

12           “(1) ELIGIBLE EMPLOYER.—The term ‘eligible  
13 employer’ has the meaning given such term by sec-  
14 tion 408(p)(2)(C)(i).

15           “(2) AGGREGATION.—All persons treated as a  
16 single employer under subsection (a) or (b) of sec-  
17 tion 52, or subsection (m) or (o) of section 414,  
18 shall be treated as one person. All qualified employer  
19 plans of an eligible employer shall be treated as 1  
20 qualified employer plan.

21           “(3) DISALLOWANCE OF DEDUCTION.—No de-  
22 duction shall be allowed for that portion of the con-  
23 tribution for the taxable year which is equal to the  
24 credit determined under subsection (a).

1           “(4) ELECTION NOT TO CLAIM CREDIT.—This  
2 section shall not apply to a taxpayer for any taxable  
3 year if such taxpayer elects to have this section not  
4 apply for such taxable year. Any such taxable year  
5 shall not be taken into account under subsection  
6 (b).”.

7           (2) CONFORMING AMENDMENTS.—

8           (A) GENERAL BUSINESS CREDIT.—Sub-  
9 section (b) of section 38 of such Code is amend-  
10 ed by striking “plus” at the end of paragraph  
11 (35), by striking the period at the end of para-  
12 graph (36) and inserting “, plus”, and by add-  
13 ing at the end the following:

14           “(37) the secure deferral arrangement credit  
15 determined under section 45S.”.

16           (B) CREDIT CROSS-REFERENCES.—

17           (i) Subsection (k) of section 401 of  
18 such Code, as amended by subsection (a),  
19 is amended at the end thereof to add the  
20 following new paragraph:

21           “(15) SECURE DEFERRAL ARRANGEMENT  
22 CREDIT.—For a general business credit with respect  
23 to secure deferral arrangements, see section 45S.”.

24           (ii) Subsection (m) of section 401 of  
25 such Code, as amended by subsection (b),

1 is amended by adding at the end the fol-  
2 lowing new paragraph:

3 “(15) SECURE DEFERRAL ARRANGEMENT  
4 CREDIT.—For a general business credit with respect  
5 to secure deferral arrangements, see section 45S.”.

6 (d) FACILITATING QUALIFIED AUTOMATIC CON-  
7 TRIBUTION ARRANGEMENTS AND SECURE DEFERRAL AR-  
8 RAIGNMENTS.—By no later than the date that is twelve  
9 months after the date of enactment of this Act, the Sec-  
10 retary of the Treasury shall prescribe rules that facilitate  
11 the administration of qualified automatic contribution ar-  
12 rangements (as defined in section 401(k)(13) of the Inter-  
13 nal Revenue Code of 1986) and secure deferral arrange-  
14 ments (as defined in section 401(k)(14) of such Code).  
15 Such rules shall—

16 (1) Clarify, simplify, and provide safe harbors  
17 with respect to the application of the notice require-  
18 ments described in section 401(k)(13)(E) of such  
19 Code, especially in cases where—

20 (A) employees become eligible under such  
21 arrangements upon becoming employed or  
22 shortly thereafter, or

23 (B) the employer has employees subject to  
24 different payroll and administrative systems.

1           (2) Clarify, simplify and provide safe harbors  
2 with respect to the timing of the increases in the  
3 qualified percentage described in subclauses (II),  
4 (III), and (IV) of section 401(k)(13)(C)(iii) of such  
5 Code and in clauses (ii) and (iii) of section  
6 401(k)(14)(C) of such Code, especially in cases  
7 where the employer has employees subject to dif-  
8 ferent payroll and administrative systems.

9           (e) EFFECTIVE DATE.—

10           (1) IN GENERAL.—The amendments made by  
11 subsections (a) and (b) shall apply to plan years be-  
12 ginning after December 31, 2013.

13           (2) TAX CREDIT.—The amendments made by  
14 subsection (c) shall apply to taxable years beginning  
15 after December 31, 2013.

16 **SEC. 103. QUALIFIED CASH OR DEFERRED ARRANGEMENTS**

17           **MUST ALLOW LONG-TERM EMPLOYEES**

18           **WORKING MORE THAN 500 BUT LESS THAN**

19           **1,000 HOURS PER YEAR TO PARTICIPATE.**

20           (a) PARTICIPATION REQUIREMENT.—

21           (1) IN GENERAL.—Subparagraph (D) of section  
22 401(k)(2) (defining qualified cash or deferred ar-  
23 rangement) is amended to read as follows:

24                   “(D) which does not require, as a condi-  
25                   tion of participation in the arrangement, that

1 an employee complete a period of service with  
2 the employer (or employers) maintaining the  
3 plan extending beyond the close of the earlier  
4 of—

5 “(i) the period permitted under sec-  
6 tion 410(a)(1) (determined without regard  
7 to subparagraph (B)(i) thereof), or

8 “(ii) subject to the provisions of para-  
9 graph (14), the first period of 3 consecu-  
10 tive 12-month periods during each of which  
11 the employee has at least 500 hours of  
12 service.”.

13 (2) SPECIAL RULES.—Section 401(k) (relating  
14 to cash or deferred arrangements) (as amended by  
15 section 102) is amended by adding at the end the  
16 following new paragraph:

17 “(16) SPECIAL RULES FOR PARTICIPATION RE-  
18 QUIREMENT FOR LONG-TERM, PART-TIME WORK-  
19 ERS.—For purposes of paragraph (2)(D)(ii)—

20 “(A) AGE REQUIREMENT MUST BE MET.—

21 Paragraph (2)(D)(ii) shall not apply to an em-  
22 ployee unless the employee has met the require-  
23 ment of section 410(a)(1)(A)(i) by the close of  
24 the last of the 12-month periods described in  
25 such paragraph.

1                   “(B) NONDISCRIMINATION AND TOP-  
2 HEAVY RULES NOT TO APPLY.—

3                   “(i) NONDISCRIMINATION RULES.—In  
4 the case of employees who are eligible to  
5 participate in the arrangement solely by  
6 reason of paragraph (2)(D)(ii)—

7                   “(I) notwithstanding subsection  
8 (a)(4), an employer shall not be re-  
9 quired to make nonelective or match-  
10 ing contributions on behalf of such  
11 employees even if such contributions  
12 are made on behalf of other employees  
13 eligible to participate in the arrange-  
14 ment, and

15                   “(II) an employer may elect to  
16 exclude such employees from the ap-  
17 plication of subsection (a)(4), para-  
18 graph (3), subsection (m)(2), and sec-  
19 tion 410(b).

20                   “(ii) TOP-HEAVY RULES.—An em-  
21 ployer may elect to exclude all employees  
22 who are eligible to participate in a plan  
23 maintained by the employer solely by rea-  
24 son of paragraph (2)(D)(ii) from the appli-  
25 cation of the vesting and benefit require-

1           ments under subsections (b) and (c) of sec-  
2           tion 416.

3           “(iii) VESTING.—For purposes of de-  
4           termining whether an employee described  
5           in clause (i) has a nonforfeitable right to  
6           employer contributions (other than con-  
7           tributions described in paragraph  
8           (3)(D)(i)) under the arrangement, each  
9           12-month period for which the employee  
10          has at least 500 hours of service shall be  
11          treated as a year of service.

12          “(iv) EMPLOYEES WHO BECOME  
13          FULL-TIME EMPLOYEES.—This subpara-  
14          graph shall cease to apply to any employee  
15          as of the first plan year beginning after  
16          the plan year in which the employee meets  
17          the requirements of section  
18          410(a)(1)(A)(ii) without regard to para-  
19          graph (2)(D)(ii).

20          “(C) EXCEPTION FOR EMPLOYEES UNDER  
21          COLLECTIVELY BARGAINED PLANS, ETC.—Para-  
22          graph (2)(D)(ii) shall not apply to employees  
23          described in section 410(b)(3).

24          “(D) SPECIAL RULES.—





1 covered under a plan of the employer which  
2 meets the requirements of paragraphs (A) and  
3 (B) separately with respect to such employees,  
4 such employees may be excluded from consider-  
5 ation in determining whether any plan of the  
6 employer meets the requirements of subpara-  
7 graphs (A) and (B).”.

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

11 **SEC. 105. MODIFICATION OF SAVER’S CREDIT.**

12 (a) 50 PERCENT CREDIT FOR ALL TAXPAYERS: EX-  
13 PANSION OF PHASEOUT RANGES.—Subsection (b) of sec-  
14 tion 25B is amended to read as follows:

15 “(b) APPLICABLE PERCENTAGE.—For purposes of  
16 this section—

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

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

23 “(A) the excess of—

24 “(i) the taxpayer’s adjusted gross in-  
25 come for such taxable year, over

1                   “(ii) the applicable dollar amount,  
2                   bears to

3                   “(B) the phaseout range.

4                   If any reduction determined under this paragraph is  
5                   not a whole percentage point, such reduction shall be  
6                   rounded to the nearest whole percentage point.

7                   “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT  
8                   RANGE.—

9                   “(A) JOINT RETURNS.—Except as pro-  
10                  vided in subparagraph (B)—

11                  “(i) the applicable dollar amount is  
12                  \$65,000, and

13                  “(ii) the phaseout range is \$20,000.

14                  “(B) OTHER RETURNS.—In the case of—

15                  “(i) a head of a household (as defined  
16                  in section 2(b)), the applicable dollar  
17                  amount and the phaseout range shall be  $\frac{3}{4}$   
18                  of the amounts applicable under subpara-  
19                  graph (A) (as adjusted under paragraph  
20                  (4)), and

21                  “(ii) any taxpayer who is not filing a  
22                  joint return and who is not a head of a  
23                  household (as so defined), the applicable  
24                  dollar amount and the phaseout range

1           shall be  $\frac{1}{2}$  of the amounts applicable  
2           under subparagraph (A) (as so adjusted).

3           “(4) INFLATION ADJUSTMENT OF APPLICABLE  
4           DOLLAR AMOUNT.—In the case of any taxable year  
5           beginning in a calendar year after 2014, the dollar  
6           amount in paragraph (3)(A)(i) shall be increased by  
7           an amount equal to—

8                   “(A) such dollar amount, multiplied by

9                   “(B) the cost-of-living adjustment deter-  
10                  mined under section 1(f)(3) for the calendar  
11                  year in which the taxable year begins, deter-  
12                  mined by substituting ‘calendar year 2013’ for  
13                  ‘calendar year 1992’ in subparagraph (B)  
14                  thereof.

15           Any increase determined under the preceding sen-  
16           tence shall be rounded to the nearest multiple of  
17           \$500.”.

18           (b) CREDIT MADE REFUNDABLE; MATCHING CON-  
19           TRIBUTIONS.—

20                   (1) CREDIT MADE REFUNDABLE.—The Internal  
21                  Revenue Code of 1986 is amended by moving section  
22                  25B to subpart C of part IV of subchapter A of  
23                  chapter 1 of such Code (relating to refundable cred-  
24                  its), by inserting section 25B after section 36B, and  
25                  by redesignating section 25B as section 36C.

1           (2) MATCHING CONTRIBUTIONS.—Section 36C,  
2 as redesignated by paragraph (1), is amended by  
3 adding at the end the following:

4           “(g) MATCHING CONTRIBUTIONS.—

5           “(1) IN GENERAL.—The credit allowed to an el-  
6 igible individual under this section for any taxable  
7 year shall be twice the credit which would (but for  
8 this subsection) be allowed if—

9           “(A) the individual consents to the applica-  
10 tion of paragraph (2), and

11           “(B) a designation by such individual is in  
12 effect for such year under paragraph (3).

13           “(2) CREDIT PAID INTO DESIGNATED RETIRE-  
14 MENT ACCOUNT.—Any credit under this section for  
15 any taxable year shall be paid by the Secretary into  
16 the designated retirement account of the individual  
17 for such year. The amount payable under the pre-  
18 ceding sentence shall be subject to the reductions  
19 under section 6402 in the same manner as if such  
20 amount were an overpayment. The amount so paid  
21 shall be treated as refunded to such individual.

22           “(3) DESIGNATED RETIREMENT ACCOUNT.—  
23 For purposes of this subsection, the term ‘des-  
24 ignated retirement account’ means any account or  
25 plan—

1           “(A) of a type to which qualified retire-  
2           ment savings contributions may be made,

3           “(B) which is for such individual’s benefit,  
4           and

5           “(C) which is designated by such indi-  
6           vidual (in such form and manner as the Sec-  
7           retary may provide) on the return of tax for the  
8           taxable year.

9           “(4) TREATMENT OF MATCHING CONTRIBU-  
10          TIONS.—In the case of an amount paid under para-  
11          graph (2) into a designated retirement account—

12           “(A) any dollar limitation otherwise appli-  
13           cable to the amount of contributions or defere-  
14           rals to such account shall be increased by the  
15           amount so paid,

16           “(B) the individual’s basis in such account  
17           shall not be increased by reason of the amount  
18           so paid, and

19           “(C) such amount shall be treated as an  
20           employer contribution for the plan year in  
21           which such amount is paid for purposes of—

22                   “(i) section 401(k)(3), and

23                   “(ii) section 408(k)(6)(A)(iii).

24           “(5) REGULATIONS.—The Secretary shall pre-  
25          scribe such regulations or other guidance as may be

1 necessary to address situations under which the Sec-  
2 retary is not able to make a payment to a designated  
3 retirement account of an individual, including a plan  
4 of an employer for which the individual no longer  
5 works and to an account that does not exist.”.

6 (3) CONFORMING AMENDMENTS.—

7 (A) Section 6211(b)(4)(A) is amended by  
8 inserting “36C,” after “36B,”.

9 (B) The table of sections for subpart A of  
10 part IV of subchapter A of chapter 1 is amend-  
11 ed by striking the item relating to section 25B.

12 (C) The table of sections for subpart C of  
13 such part is amended by adding at the end the  
14 following new item:

“Sec. 36C. Elective deferrals and IRA contributions by certain individuals.”.

15 (D) Section 1324(b)(2) of title 31, United  
16 States Code, is amended by inserting “36C,”  
17 after “36B,”.

18 (c) MAXIMUM CONTRIBUTIONS.—Subsection (a) of  
19 section 36C, as redesignated by subsection (b), is amended  
20 to read as follows:

21 “(a) ALLOWANCE OF CREDIT.—

22 “(1) IN GENERAL.—In the case of an eligible  
23 individual, there shall be allowed as a credit against  
24 the tax imposed by this subtitle for the taxable year  
25 an amount equal to the applicable percentage of so

1 much of the qualified retirement savings contribu-  
2 tions of the eligible individual for the taxable year as  
3 do not exceed the contribution limit.

4 “(2) CONTRIBUTION LIMIT.—For purposes of  
5 paragraph (1)—

6 “(A) IN GENERAL.—Except as otherwise  
7 provided in this paragraph, the contribution  
8 limit is \$500 (\$1,500 for taxable years begin-  
9 ning after 2023).

10 “(B) ANNUAL INCREASES TO REACH  
11 \$1,500.—In the case of taxable years beginning  
12 in a calendar year after 2013 and before 2024,  
13 the contribution limit shall be the sum of—

14 “(i) the contribution limit for taxable  
15 years beginning in the preceding calendar  
16 year (as increased under this subpara-  
17 graph), and

18 “(ii) \$100.

19 “(C) INFLATION ADJUSTMENT.—In the  
20 case of any taxable year beginning in a calendar  
21 year after 2023, the \$1,500 amount in subpara-  
22 graph (A) shall be increased by an amount  
23 equal to—

24 “(i) such dollar amount, multiplied by

1           “(ii) the cost-of-living adjustment de-  
2           termined under section 1(f)(3) for the cal-  
3           endar year in which the taxable year be-  
4           gins, determined by substituting ‘calendar  
5           year 2022’ for ‘calendar year 1992’ in sub-  
6           paragraph (B) thereof.

7           Any increase determined under the preceding  
8           sentence shall be rounded to the nearest mul-  
9           tiple of \$50.”.

10          (d) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 December 31, 2013.

13 **SEC. 106. RETIREMENT HANDBOOK AND RETIREMENT**  
14 **READINESS CHECKLIST.**

15          (a) IN GENERAL.—Section 704 of the Social Security  
16 Act is amended by adding at the end the following new  
17 subsection:

18           “(f) RETIREMENT INFORMATION.—

19                   “(1) IN GENERAL.—The Commissioner, in con-  
20 sultation with the Social Security Advisory Board,  
21 shall prepare—

22                           “(A) the financial reference handbook de-  
23 scribed in paragraph (2), and

24                           “(B) the retirement readiness checklist de-  
25 scribed in paragraph (3).



1           “(2) FINANCIAL REFERENCE HANDBOOK.—The  
2 handbook described in this paragraph is a pamphlet  
3 which—

4           “(A) includes definitions of basic financial  
5 terms,

6           “(B) contains a listing of financial issues  
7 and problems facing individuals who are retir-  
8 ing and explanations of methods of dealing with  
9 the issues and problems, and

10          “(C) is in a form readily understandable  
11 by the average retiree.

12          “(3) READINESS CHECKLIST.—The checklist  
13 described in this paragraph is a list of questions that  
14 individuals need to consider in preparation for re-  
15 tirement, including the following:

16          “(A) What annual income will the indi-  
17 vidual need in retirement?

18          “(B) How many years will the individual  
19 live in retirement?

20          “(C) What will be the cost of Medicare  
21 premiums?

22          “(D) What will be the cost of insurance  
23 necessary to supplement Medicare?

24          “(E) How will savings be invested in re-  
25 tirement?

1           “(F) How will taxes affect your retirement  
2           income?”

3           The checklist will include answers to the questions  
4           or directions as to where information is available to  
5           answer the questions. All information shall be in a  
6           form readily understandable to the average recipient  
7           of the checklist.

8           “(4) REVISIONS.—The Commissioner shall peri-  
9           odically revise and update the handbook and check-  
10          list prepared under this subsection.

11          “(5) DISTRIBUTION OF MATERIALS.—

12           “(A) HANDBOOK.—The financial reference  
13           handbook described in paragraph (2) shall be  
14           included with materials provided to an indi-  
15           vidual when the individual first applies for ben-  
16           efits under title II and such other times as the  
17           Commissioner determines appropriate.

18           “(B) CHECKLIST.—The retirement readi-  
19           ness checklist described in paragraph (3) shall  
20           be included with an individual’s annual social  
21           security account statement provided under sec-  
22           tion 1143.”.

23          (b) EFFECTIVE DATE.—The amendment made by  
24          this section shall take effect on the date of the enactment  
25          of this Act, but the handbooks and checklists required to

1 be provided by such amendment shall be provided on or  
2 after January 1, 2014 (or such earlier date as the Com-  
3 missioner of Social Security may provide).

4 **SEC. 107. ADDITIONAL TIME TO ADOPT A QUALIFIED PLAN.**

5 (a) IN GENERAL.—Subsection (a) of section 401 is  
6 amended by inserting after paragraph (37) the following  
7 new paragraph:

8 “(38) The adoption of a plan by the applicable  
9 date shall not cause a plan to fail to meet the re-  
10 quirements of this section for a plan year. For pur-  
11 poses of the preceding sentence, the term ‘applicable  
12 date’ means the due date (including extensions) for  
13 filing the Federal income tax return for the employ-  
14 er’s taxable year in which ends the plan year for  
15 which the plan is effective. A plan adopted in ac-  
16 cordance with this paragraph will be treated as es-  
17 tablished by the end of the employer’s taxable year  
18 for purposes of applying section 404(a).”.

19 (b) EFFECTIVE DATE.—The amendment made by  
20 subsection (a) shall apply to years beginning after Decem-  
21 ber 31, 2013.

1 **TITLE II—ENCOURAGING SMALL**  
2 **BUSINESSES TO ENTER AND**  
3 **REMAIN IN THE EMPLOYER**  
4 **RETIREMENT PLAN SYSTEM**

5 **SEC. 201. INCREASE IN CREDIT LIMITATION FOR SMALL**  
6 **EMPLOYER PENSION PLAN STARTUP COSTS.**

7 (a) **IN GENERAL.**—Paragraph (1) of section 45E(b)  
8 is amended to read as follows:

9 “(1) for the first credit year and each of the 2  
10 taxable years immediately following the first credit  
11 year, the greater of—

12 “(A) \$500, or

13 “(B) the lesser of—

14 “(i) \$250 for each employee of the eli-  
15 gible employer who is not a highly com-  
16 pensated employee (as defined in section  
17 415(q)) and who is eligible to participate  
18 in the eligible employer plan maintained by  
19 the eligible employer, or

20 “(ii) \$5,000, and”.

21 (b) **EFFECTIVE DATE.**—The amendment made by  
22 this section shall apply to taxable years beginning after  
23 December 31, 2013.

1 **SEC. 202. ELIMINATING BARRIERS TO USE OF MULTIPLE**  
2 **EMPLOYER PLANS.**

3 By December 31, 2013, the Secretaries of the Treas-  
4 ury and Labor shall—

5 (1) prescribe administrative guidance estab-  
6 lishing conditions under which an employer partici-  
7 pating in a plan described in section 413(c) of the  
8 Internal Revenue Code of 1986 shall not have any  
9 liability under title I of the Employee Retirement In-  
10 come Security Act of 1974 with respect to the acts  
11 or omissions of one or more other participating em-  
12 ployers, which regulations may require that the por-  
13 tion of the plan attributable to such participating  
14 employers be spun off to plans maintained by such  
15 employers,

16 (2) prescribe administrative guidance estab-  
17 lishing conditions under which a plan described in  
18 section 413(c) of such Code may be treated as satis-  
19 fying the qualification requirements of sections  
20 401(a) and 413(c) of such Code despite the violation  
21 of such requirements by one or more participating  
22 employers, including requiring, if appropriate, that  
23 the portion of the plan attributable to such partici-  
24 pating employers be spun off to plans maintained by  
25 such employers, and

1           (3) prescribe administrative guidance providing  
2           simplified means by which plans described in section  
3           413(c) of such Code may satisfy the requirements of  
4           section 103 of the Employee Retirement Income Se-  
5           curity Act of 1974.

## 6           **TITLE III—PRESERVATION OF** 7           **INCOME**

### 8           **SEC. 301. STUDY OF APPLICATION OF SPOUSAL CONSENT** 9           **RULES TO DEFINED CONTRIBUTION PLANS.**

10          (a) **STUDY.**—The Government Accountability Office  
11 shall conduct a study of the feasibility and desirability of  
12 extending the application of the requirements of section  
13 205 of the Employee Retirement Income Security Act of  
14 1974 and sections 401(a)(11) and 417 of the Internal  
15 Revenue Code of 1986 (relating to spousal consent re-  
16 quirements) to defined contribution plans to which such  
17 requirements do not apply. Such study shall include con-  
18 sideration of any modifications of such requirements that  
19 are necessary to apply such requirements to such plans.

20          (b) **REPORT.**—Not later than 1 year after the date  
21 of the enactment of this Act, the Government Account-  
22 ability Office shall report the results of the study, together  
23 with any recommendations for legislative changes, to the  
24 Committees on Finance and Health, Education, Labor,  
25 and Pensions of the Senate and the Committees on Ways

1 and Means and Education and the Workforce of the  
2 House of Representatives.

3 **SEC. 302. ADMINISTRATION OF JOINT AND SURVIVOR AN-**  
4 **NUITY REQUIREMENTS.**

5 (a) AMENDMENTS TO THE EMPLOYEE RETIREMENT  
6 INCOME SECURITY ACT OF 1974.—

7 (1) IN GENERAL.—Section 402(c) of the Em-  
8 ployee Retirement Income Security Act of 1974 (29  
9 U.S.C. 1102(c)) is amended—

10 (A) in paragraph (2) by striking “or” at  
11 the end,

12 (B) in paragraph (3) by striking the period  
13 at the end and inserting “; or”, and

14 (C) by adding at the end the following new  
15 paragraph:

16 “(4) that a named fiduciary, or a fiduciary des-  
17 ignated by a named fiduciary pursuant to a plan  
18 procedure described in section 405(e), may appoint  
19 an annuity administrator or administrators with re-  
20 sponsibility for administration of an individual ac-  
21 count plan in accordance with the requirements of  
22 section 205 and payment of any annuity required  
23 thereunder.”.

1           (2) Section 405 of such Act (29 U.S.C. 1105)  
2           is amended by adding at the end the following new  
3           subsection:

4           “(e) ANNUITY ADMINISTRATOR.—If an annuity ad-  
5           ministrator or administrators have been appointed under  
6           section 402(c)(4) and such entity acknowledges in writing  
7           that they are the annuity administrator and a fiduciary  
8           under the plan with respect to their appointed duties, then  
9           neither the named fiduciary nor any appointing fiduciary  
10          shall be liable for any act or omission of the annuity ad-  
11          ministrator except to the extent that—

12                 “(1) the named fiduciary or appointing fidu-  
13                 ciary violated section 404(a)(1)—

14                         “(A) with respect to such allocation or des-  
15                         ignation, or

16                         “(B) in continuing the allocation or des-  
17                         ignation,

18                 “(2) the named fiduciary or appointing fidu-  
19                 ciary would otherwise be liable in accordance with  
20                 subsection (a), or

21                 “(3) the entity appointed to be the annuity ad-  
22                 ministrator is neither an insurance company nor ap-  
23                 proved to be an annuity administrator by the Sec-  
24                 retary.”.



1 (b) EFFECTIVE DATE.—The amendments made by  
2 subsection (a) shall apply as of the date of enactment of  
3 this Act.

4 **SEC. 303. AVAILABILITY OF DISTRIBUTION OPTIONS.**

5 (a) LIFETIME INCOME INVESTMENTS.—By the date  
6 that is one year after the date of enactment of this Act,  
7 the Secretary of the Treasury shall issue final regulations  
8 under which it is clarified that any specified age or service  
9 condition (or combination of age and service conditions)  
10 with respect to a lifetime income investment (as defined  
11 in section 401(a)(38)(B)(ii)) under a defined contribution  
12 plan shall be disregarded in determining whether such life-  
13 time income investment is currently available to an em-  
14 ployee for purposes of Treasury Regulation section  
15 1.401(a)(4)–4(b) (or any successor provision).

16 (b) ENFORCEMENT.—As of the date of enactment of  
17 this Act, the Secretary of the Treasury shall administer  
18 and enforce the law in accordance with subsection (a) with  
19 respect to plan years beginning before, on, or after the  
20 date of enactment of this Act.

21 (c) EFFECTIVE DATE.—This section shall take effect  
22 as of the date of enactment of this Act.

23 **SEC. 304. ROLLOVER OF INSURANCE CONTRACTS TO IRAS.**

24 (a) IN GENERAL.—Section 408(a)(3) is amended by  
25 inserting “other than insurance contracts that were rolled

1 over to an IRA from a qualified retirement plan described  
2 in clause (iii), (iv), or (vi) of section 402(c)(8)(B) provided  
3 that such contracts provide only incidental death benefits  
4 taking into account both the IRA and the qualified retire-  
5 ment plan” after “contract”.

6 (b) EFFECTIVE DATE.—The amendment made by  
7 subsection (a) shall apply to years beginning after Decem-  
8 ber 31, 2013.

9 **SEC. 305. PORTABILITY OF LIFETIME INCOME OPTIONS.**

10 (a) IN GENERAL.—Subsection (a) of section 401 is  
11 amended by inserting after paragraph (37) the following  
12 new paragraph:

13 “(38) PORTABILITY OF LIFETIME INCOME.—

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

18 “(i) qualified distributions of a life-  
19 time income investment, or

20 “(ii) distributions of a lifetime income  
21 investment in the form of a qualified plan  
22 distribution annuity contract,

23 on or after the date that is 90 days prior to the  
24 date on which such lifetime income investment  
25 is no longer authorized to be held as an invest-

1           ment option under the plan except as may oth-  
2           erwise be provided by regulations.

3           “(B) DEFINITIONS.—For purposes of this  
4           subsection—

5                   “(i) the term ‘qualified distribution’  
6                   means a direct trustee-to-trustee transfer  
7                   to an eligible retirement plan (as defined  
8                   in section 402(c)(8)(B)), as described in  
9                   section 401(a)(31)(A),

10                   “(ii) the term ‘lifetime income invest-  
11                   ment’ means an investment option that is  
12                   designed to provide an employee with elec-  
13                   tion rights—

14                           “(I) that are not uniformly avail-  
15                           able with respect to other investment  
16                           options under the plan, and

17                           “(II) that are to a lifetime in-  
18                           come feature available through a con-  
19                           tract or other arrangement offered  
20                           under the plan or under another eligi-  
21                           ble retirement plan (as defined in sec-  
22                           tion 402(c)(8)(B)) through a direct  
23                           trustee-to-trustee transfer to such  
24                           other eligible retirement plan under  
25                           section 401(a)(31)(A),

1           “(iii) the term ‘lifetime income fea-  
2           ture’ means—

3                   “(I) a feature that guarantees a  
4                   minimum level of income annually (or  
5                   more frequently) for at least the re-  
6                   mainder of the life of the employee or  
7                   the joint lives of the employee and the  
8                   employee’s designated beneficiary, or

9                   “(II) an annuity payable on be-  
10                  half of the employee under which pay-  
11                  ments are made in substantially equal  
12                  periodic payments (not less frequently  
13                  than annually) over the life of the em-  
14                  ployee or the joint lives of the em-  
15                  ployee and the employee’s designated  
16                  beneficiary, taking into account the  
17                  rules of clause (iii) of section  
18                  401(a)(9)(I), and

19                  “(iv) the term ‘qualified plan distribu-  
20                  tion annuity contract’ means an annuity  
21                  contract purchased for a participant and  
22                  distributed to the participant by a plan de-  
23                  scribed in subparagraph (B) of section  
24                  402(c)(8) (without regard to clauses (i)  
25                  and (ii) thereof).”.

1 (b) CASH OR DEFERRED ARRANGEMENT.—Clause (i)  
2 of section 401(k)(2)(B) is amended by striking “or” at  
3 the end of subclause (IV), by striking “and” at the end  
4 of subclause (V) and inserting “or”, and by adding at the  
5 end of clause (i) the following:

6 “(VI) with respect to amounts in-  
7 vested in a lifetime income investment  
8 (as defined in section  
9 401(a)(38)(B)(ii)), the date that is 90  
10 days prior to the date that such life-  
11 time income investment may no longer  
12 be held as an investment option under  
13 the plan, provided that any distribu-  
14 tion under this subclause must be in  
15 the form of a qualified distribution (as  
16 defined in section 401(a)(38)(B)(i))  
17 or a qualified plan distribution annu-  
18 ity contract (as defined in section  
19 401(a)(38)(B)(iv)), and”.

20 (c) SECTION 403(b) PLANS.—

21 (1) ANNUITY CONTRACTS.—Paragraph (11) of  
22 section 403(b) is amended by striking “or” at the  
23 end of subparagraph (B), by striking the period at  
24 the end of subparagraph (C), and by inserting “,  
25 or”, and by adding at the end the following:

1           “(D) with respect to amounts invested in a  
2 lifetime income investment (as defined in sec-  
3 tion 401(a)(38)(B)(ii)), the date that is 90 days  
4 prior to the date that such lifetime income in-  
5 vestment may no longer be held as an invest-  
6 ment option under the plan, provided that any  
7 distribution under this subparagraph must be  
8 in the form of a qualified distribution (as de-  
9 fined in section 401(a)(38)(B)(i)) or a qualified  
10 plan distribution annuity contract (as defined in  
11 section 401(a)(38)(B)(iv)).”.

12           (2) CUSTODIAL ACCOUNTS.—Clause (ii) of sec-  
13 tion 403(b)(7)(A) is amended to read as follows:

14                   “(ii) under the custodial account, no  
15 such amounts may be paid or made avail-  
16 able to any distributee (unless such  
17 amount is a distribution to which section  
18 72(t)(2)(G) applies) before—

19                           “(I) the employee dies,

20                           “(II) the employee attains age  
21                           59½,

22                           “(III) the employee has a sever-  
23                           ance from employment,

1 “(IV) the employee becomes dis-  
2 abled (within the meaning of section  
3 72(m)(7)),

4 “(V) in the case of contributions  
5 made pursuant to a salary reduction  
6 agreement (within the meaning of sec-  
7 tion 3121(a)(5)(D)), the employee en-  
8 counters financial hardship, or

9 “(VI) with respect to amounts in-  
10 vested in a lifetime income investment  
11 (as defined in section  
12 401(a)(38)(B)(ii)), the date that is 90  
13 days prior to the date that such life-  
14 time income investment may no longer  
15 be held as an investment option under  
16 the plan, provided that any distribu-  
17 tion under this subparagraph must be  
18 in the form of a qualified distribution  
19 (as defined in section  
20 401(a)(38)(B)(i)) or a qualified plan  
21 distribution annuity contract (as de-  
22 fined in section 401(a)(38)(B)(iv)).”.

23 (d) ELIGIBLE DEFERRED COMPENSATION PLANS.—  
24 Subparagraph (A) of section 457(d)(1) is amended by  
25 striking “or” at the end of clause (ii), by inserting “or”

1 at the end of clause (iii), and by adding after clause (iii)  
2 the following:

3                   “(iv) with respect to amounts invested  
4                   in a lifetime income investment (as defined  
5                   in section 401(a)(38)(B)(ii)), the date that  
6                   is 90 days prior to the date that such life-  
7                   time income investment may no longer be  
8                   held as an investment option under the  
9                   plan, provided that any distribution under  
10                  this subparagraph must be in the form of  
11                  a qualified distribution (as defined in sec-  
12                  tion 401(a)(38)(B)(i)) or a qualified plan  
13                  distribution annuity contract (as defined in  
14                  section 401(a)(38)(B)(iv)),”.

15           (e) EFFECTIVE DATE.—The amendments made by  
16 this section shall apply to plan years beginning after De-  
17 cember 31, 2013.

18 **SEC. 306. LOST PENSION PLAN REGISTRY.**

19           (a) IN GENERAL.—Subtitle C of title IV of the Em-  
20 ployee Retirement Income Security Act of 1974 (29  
21 U.S.C. 1341 et seq.) is amended by adding at the end  
22 the following:



1 **“SEC. 4051. LOST PENSION PLAN REGISTRY.**

2 “No later than December 31, 2014, the corporation  
3 shall establish a database to be known as the Lost Pension  
4 Plan Registry. The corporation shall—

5 “(1) ensure that the database contains a record  
6 of the information described in section 6057(b) of  
7 the Internal Revenue Code of 1986 that is trans-  
8 mitted by the Secretary of the Treasury to the cor-  
9 poration pursuant to section 6057(d) of such Code,  
10 and

11 “(2) post such record on the corporation’s  
12 website in a manner calculated to inform partici-  
13 pants and beneficiaries of the name, location, and  
14 contact information for any plan that has changed  
15 its identity or status.”.

16 (b) AMENDMENT TO THE INTERNAL REVENUE  
17 CODE.—Section 6057(d) of the Internal Revenue Code of  
18 1986 is amended by inserting “and to the Pension Benefit  
19 Guaranty Corporation” before the period at the end.

1 **TITLE IV—SIMPLIFICATION AND**  
2 **CLARIFICATION OF QUALI-**  
3 **FIED RETIREMENT PLAN**  
4 **RULES**

5 **SEC. 401. EXCEPTION FROM REQUIRED DISTRIBUTIONS**  
6 **WHERE AGGREGATE RETIREMENT SAVINGS**  
7 **DO NOT EXCEED \$100,000.**

8 (a) IN GENERAL.—Section 401(a)(9) (relating to re-  
9 quired distributions) is amended by adding at the end the  
10 following new subparagraph:

11 “(I) EXCEPTION FROM REQUIRED MIN-  
12 IMUM DISTRIBUTIONS DURING LIFE OF EM-  
13 PLOYEE OR BENEFICIARY WHERE ASSETS DO  
14 NOT EXCEED \$100,000.—

15 “(i) IN GENERAL.—If, as of a meas-  
16 urement date, the aggregate balance to the  
17 credit of an employee under all applicable  
18 eligible retirement plans does not exceed  
19 \$100,000, then the requirements of sub-  
20 paragraph (A) shall not apply to the em-  
21 ployee during any succeeding calendar  
22 year. In addition, if, as of a measurement  
23 date, the aggregate balance to the credit of  
24 an employee under all applicable eligible  
25 retirement plans does not exceed \$100,000,

1 then the requirements of subparagraph (B)  
2 shall not apply during any succeeding cal-  
3 endar year to the employee’s designated  
4 beneficiary with respect to the designated  
5 beneficiary’s interest in the balance to the  
6 credit of the deceased employee.

7 “(ii) APPLICABLE ELIGIBLE RETIRE-  
8 MENT PLAN.—For purposes of this sub-  
9 paragraph, the term ‘applicable eligible re-  
10 tirement plan’ means an eligible retirement  
11 plan (as defined in section 402(c)(8)(B))  
12 and any other plan, contract, or arrange-  
13 ment to which the requirements of this  
14 paragraph apply.

15 “(iii) SPECIAL RULE FOR BENEFITS  
16 PAID AS A LIFE ANNUITY FROM DEFINED  
17 BENEFIT PLAN.—In determining the ag-  
18 gregate balance under clause (i), there  
19 shall not be taken into account the value of  
20 any benefits under a defined benefit plan  
21 that, on the measurement date, are being  
22 paid as a life annuity.

23 “(iv) MEASUREMENT DATE.—

24 “(I) INITIAL MEASUREMENT  
25 DATES.—The initial measurement

1 date for an individual is the last day  
2 of the calendar year preceding the  
3 earlier of—

4 “(aa) the calendar year in  
5 which the employee attains age  
6 70<sup>1</sup>/<sub>2</sub>, or

7 “(bb) the calendar year in  
8 which the employee dies.

9 “(II) SUBSEQUENT MEASURE-  
10 MENT DATES.—If, in a calendar year,  
11 an individual who is exempted from  
12 the requirements of this paragraph  
13 pursuant to clause (i) receives con-  
14 tributions, rollovers, or transfers of  
15 amounts, or accrues additional bene-  
16 fits under a defined benefit plan, that  
17 were not previously taken into account  
18 in applying this subparagraph, then  
19 the last day of that calendar year  
20 shall be a new measurement date and  
21 a new determination shall be made as  
22 to whether clause (i) applies.

23 “(v) DETERMINING VALUE OF DE-  
24 FINED BENEFIT PLAN BENEFITS.—The  
25 value of defined benefit plan benefits is de-

1           terminated in accordance with the applicable  
2           interest rate and applicable mortality rate  
3           assumptions under section 417(e), except  
4           that the value shall be equal to the amount  
5           of the single sum payment payable to the  
6           extent available under the plan.

7           “(vi) PHASE-IN OF MINIMUM DIS-  
8           TRIBUTION REQUIREMENTS.—For an indi-  
9           vidual whose aggregate balance exceeds the  
10          exemption level in clause (i) by less than  
11          \$10,000, required minimum distribution  
12          requirements will phase in based on the  
13          ratio of—

14                   “(I) the amount by which the ag-  
15                   gregate balance exceeds the exemption  
16                   level, to

17                   “(II) \$10,000.

18          “(vii) COST OF LIVING ADJUST-  
19          MENTS.—The Secretary shall adjust annu-  
20          ally the \$100,000 amount specified in  
21          clause (i) for increases in the cost-of-living  
22          at the same time and in the same manner  
23          as adjustments under section 415(d); ex-  
24          cept that the base period shall be the cal-  
25          endar quarter beginning July 1, 2013, and

1           any increase which is not a multiple of  
2           \$5,000 shall be rounded to the next lowest  
3           multiple of \$5,000.”.

4           (b) EFFECTIVE DATE.—The amendment made by  
5 this section shall apply to initial measurement dates occur-  
6 ring on or after December 31, 2013.

7 **SEC. 402. EXPANSION OF EMPLOYEE PLANS COMPLIANCE**  
8                                   **RESOLUTION SYSTEM.**

9           (a) IN GENERAL.—Not later than one year after the  
10 date of the enactment of this Act, the Secretary of the  
11 Treasury shall modify the Employee Plans Compliance  
12 Resolution System (as described in Revenue Procedure  
13 2013–12) to achieve the results specified in the succeeding  
14 subsections of this section and to further facilitate correc-  
15 tions and compliance in such other means as the Secretary  
16 deems appropriate.

17           (b) LOAN ERROR.—

18                   (1) In the case of plan loan errors for which  
19 corrections are specified under the voluntary compli-  
20 ance program, self-correction shall be made available  
21 by methods applicable to such loans through the vol-  
22 untary compliance program.

23                   (2) The Secretary of Labor shall treat any loan  
24 error corrected pursuant to paragraph (1) as meet-

1       ing the requirements of the Voluntary Fiduciary  
2       Correction Program of the Department of Labor.

3       (c) 457(b) PLAN CORRECTION.—The Secretary of  
4 the Treasury shall update the Employee Plans Compliance  
5 Resolution System to provide the same type of comprehen-  
6 sive correction program that is available under such sys-  
7 tem to retirement plans qualified under section 401(a) of  
8 the Internal Revenue Code of 1986 to plans maintained  
9 pursuant to section 457(b) of such Code by an employer  
10 described in section 457(e)(1)(A) of such Code.

11       (d) EPCRS FOR IRAS.—The Secretary of the Treas-  
12 ury shall expand the Employee Plans Compliance Resolu-  
13 tion System to allow custodians of individual retirement  
14 plans to address inadvertent errors for which the owner  
15 of an individual retirement plan was not at fault, including  
16 (but not limited to)—

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

20               (2) under the self-correction component of the  
21 Employee Plans Compliance Resolution System,  
22 waivers of the 60-day deadline for a rollover where  
23 the deadline is missed for reasons beyond the rea-  
24 sonable control of the account owner, and

1           (3) rules permitting a nonspouse beneficiary to  
2           return distributions to an inherited individual retire-  
3           ment plan described in section 408(d)(3)(C) of the  
4           Internal Revenue Code of 1986 in a case where, due  
5           to an inadvertent error by a service provider, the  
6           beneficiary had reason to believe that the distribu-  
7           tion could be rolled over without inclusion in income  
8           of any part of the distributed amount.

9           (e) REQUIRED MINIMUM DISTRIBUTION CORREC-  
10          TIONS.—The Secretary of the Treasury shall expand the  
11          Employee Plans Compliance Resolution System to allow  
12          plans to which such system applies and custodians of indi-  
13          vidual retirement plans to self-correct, without an excise  
14          tax, any inadvertent errors pursuant to which a distribu-  
15          tion is made no more than 180 days after it was required  
16          to be made.

17          (f) AUTOMATIC FEATURE ERROR CORRECTION.—In  
18          order to promote the adoption of automatic enrollment  
19          and automatic escalation, the Secretary of the Treasury  
20          shall modify the Employee Plans Compliance Resolution  
21          System to establish specific correction methods for errors  
22          in implementing automatic enrollment and automatic es-  
23          calation features.



1 **SEC. 403. USE OF FORFEITURES TO FUND SAFE HARBOR**  
2 **CONTRIBUTIONS.**

3 (a) IN GENERAL.—Section 401(k) (as amended by  
4 this Act) is amended by adding at the end the following  
5 new paragraph:

6 “(17) A matching contribution or nonelective  
7 contribution described in paragraph (3)(D)(ii), sub-  
8 paragraph (B) or (C) of paragraph (12), or para-  
9 graph (13)(D) shall not fail to satisfy the definition  
10 under such paragraph merely because the contribu-  
11 tion is funded in whole or in part by forfeitures.”.

12 (b) EFFECTIVE DATE.—The amendment made by  
13 subsection (a) shall apply to forfeitures allocated in ac-  
14 cordance with section 401(k)(14) of the Internal Revenue  
15 Code of 1986 (as amended by subsection (a)) before, on  
16 or after the date of enactment of this Act.

17 **SEC. 404. SUBSTANTIAL CESSATION OF OPERATIONS.**

18 (a) IN GENERAL.—Subsection (e) of section 4062 of  
19 the Employee Retirement Income Security Act of 1974 is  
20 amended by striking “If an employer” and inserting “(1)  
21 IN GENERAL.—If an employer”, and by adding at the end  
22 thereof the following new paragraph:

23 “(2) SUBSTANTIAL CESSATION OF OPER-  
24 ATIONS.—An employer shall not be treated as hav-  
25 ing a cessation described in paragraph (1) unless—

1           “(A) all operations at a facility in a loca-  
2           tion are ceased and—

3                   “(i) such cessation is reasonably ex-  
4                   pected to be permanent,

5                   “(ii) no portion of such operations is  
6                   moved to another facility at a different lo-  
7                   cation,

8                   “(iii) no portion of such operations is  
9                   assumed or otherwise transferred to an-  
10                  other employer, and

11                  “(iv) no other operations are reason-  
12                  ably expected to be maintained at such fa-  
13                  cility, and

14                  “(B) as a result of the cessation described  
15                  in subparagraph (A), more than 20 percent of  
16                  the employees of the employer have a termi-  
17                  nation of employment that is reasonably ex-  
18                  pected to be permanent. For purposes of this  
19                  subparagraph, employees of the employer shall  
20                  include all employees treated as employed by a  
21                  single employer under sections 210(c) and  
22                  (d).”.

23           (b) DIRECTION TO THE CORPORATION.—The Pen-  
24           sion Benefit Guaranty Corporation shall not take any en-  
25           forcement, administrative, or other actions pursuant to

1 section 4062(e) of such Act that are inconsistent with sub-  
2 paragraph (A) of section 4062(e)(2) of such Act, as  
3 amended, without regard to whether such actions relate  
4 to a cessation or other event that occurs before or after  
5 the date of enactment of this Act.

6 (c) EFFECTIVE DATE.—Subsection (b) and the  
7 amendment made by subsection (a) shall apply as of the  
8 date of enactment of this Act.

9 **SEC. 405. CHURCH PLAN CLARIFICATION.**

10 (a) APPLICATION OF CONTROLLED GROUP RULES TO  
11 CHURCH PLANS.—

12 (1) IN GENERAL.—Section 414(c) is amended—

13 (A) by striking “For purposes” and insert-  
14 ing the following:

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

16 (B) by adding at the end the following new  
17 paragraph:

18 “(2) CHURCH PLANS.—

19 “(A) GENERAL RULE.—Except as provided  
20 in subparagraphs (B) and (C), for purposes of  
21 this subsection and subsection (m), an organi-  
22 zation that is otherwise eligible to participate in  
23 a church plan as defined in subsection (e) shall  
24 not be aggregated with another such organiza-

1           tion and treated as a single employer with such  
2           other organization unless—

3                   “(i) one such organization provides di-  
4                   rectly or indirectly at least 80 percent of  
5                   the operating funds for the other organiza-  
6                   tion during the preceding tax year of the  
7                   recipient organization, and

8                   “(ii) there is a degree of common  
9                   management or supervision between the or-  
10                  ganizations.

11           For purposes of this subparagraph, a degree of  
12           common management or supervision exists only  
13           if the organization providing the operating  
14           funds is directly involved in the day-to-day op-  
15           erations of the other organization.

16                   “(B)     NONQUALIFIED     CHURCH-CON-  
17                   TROLLED     ORGANIZATIONS.—Notwithstanding  
18                   the provisions of subparagraph (A), for pur-  
19                   poses of this subsection and subsection (m), an  
20                   organization that is a nonqualified church-con-  
21                   trolled organization shall be aggregated with  
22                   one or more other nonqualified church-con-  
23                   trolled organizations, or with an organization  
24                   that is not exempt from tax under section 501,  
25                   and treated as a single employer with such

1 other organizations, if at least 80 percent of the  
2 directors or trustees of such organizations are  
3 either representatives of, or directly or indi-  
4 rectly controlled by, the first organization. For  
5 purposes of this subparagraph, a ‘nonqualified  
6 church controlled organization’ shall mean a  
7 church-controlled organization described in sec-  
8 tion 501(c)(3) that is not a qualified church-  
9 controlled organization described in section  
10 3121(w)(3)(B).

11 “(C) PERMISSIVE AGGREGATION AMONG  
12 CHURCH-RELATED ORGANIZATIONS.—Organiza-  
13 tions described in subparagraph (A) may elect  
14 to be treated as under common control for pur-  
15 poses of this subsection. Such election shall be  
16 made by the church or convention or association  
17 of churches with which such organizations are  
18 associated within the meaning of section  
19 414(e)(3)(D), or by an organization determined  
20 by such church or convention or association of  
21 churches to be the appropriate organization for  
22 making such election.

23 “(D) PERMISSIVE DISAGGREGATION OF  
24 CHURCH-RELATED ORGANIZATIONS.—For pur-  
25 poses of subparagraph (A) above, in the case of

1 a church plan (as defined in section 414(e)),  
2 any employer may permissively disaggregate  
3 those entities that are not churches (as defined  
4 in section 403(b)(12)(B)) separately from those  
5 entities that are churches, even if such entities  
6 maintain separate church plans.

7 “(E) ANTI-ABUSE RULE.—For purposes of  
8 subparagraphs (A) and (B), the anti-abuse rule  
9 in Treasury Regulation section 1.414(c)–5(f)  
10 shall apply.”.

11 (2) EFFECTIVE DATE.—The amendments made  
12 by this subsection shall apply to taxable years begin-  
13 ning before, on, or after the date of the enactment  
14 of this Act.

15 (b) APPLICATION OF CONTRIBUTION AND FUNDING  
16 LIMITATIONS TO 403(b) GRANDFATHERED DEFINED  
17 BENEFIT PLANS.—

18 (1) IN GENERAL.—Section 251(e)(5) of the Tax  
19 Equity and Fiscal Responsibility Act of 1982 (Public  
20 Law 97–248), is amended—

21 (A) by striking “403(b)(2)” and inserting  
22 “403(b)”, and

23 (B) by inserting before the period at the  
24 end the following: “, and shall be subject to the  
25 applicable limitations of section 415(b) of such

1 Code as if it were a defined benefit plan under  
2 section 401(a) of such Code and not the limita-  
3 tions of section 415(c) of such Code (relating to  
4 limitation for defined contribution plans).”.

5 (2) EFFECTIVE DATE.—The amendments made  
6 by this subsection shall apply as if included in the  
7 enactment of the Tax Equity and Fiscal Responsi-  
8 bility Act of 1982.

9 (c) AUTOMATIC ENROLLMENT BY CHURCH PLANS.—

10 (1) IN GENERAL.—This subsection shall super-  
11 sede any law of a State that relates to wage, salary,  
12 or payroll payment, collection, deduction, garnish-  
13 ment, assignment or withholding which would di-  
14 rectly or indirectly prohibit or restrict the inclusion  
15 in any church plan (as defined in this subsection) of  
16 an automatic contribution arrangement.

17 (2) DEFINITION OF AUTOMATIC CONTRIBUTION  
18 ARRANGEMENT.—For purposes of this subsection,  
19 the term “automatic contribution arrangement”  
20 means an arrangement—

21 (A) under which a participant may elect to  
22 have the plan sponsor make payments as con-  
23 tributions under the plan on behalf of the par-  
24 ticipant, or to the participant directly in cash,  
25 and

1 (B) under which a participant is treated as  
2 having elected to have the plan sponsor make  
3 such contributions in an amount equal to a uni-  
4 form percentage of compensation provided  
5 under the plan until the participant specifically  
6 elects not to have such contributions made (or  
7 specifically elects to have such contributions  
8 made at a different percentage).

9 (3) NOTICE REQUIREMENTS.—

10 (A) The plan administrator of an auto-  
11 matic contribution arrangement shall, within a  
12 reasonable period before such plan year, provide  
13 to each participant to whom the arrangement  
14 applies for such plan year notice of the partici-  
15 pant's rights and obligations under the arrange-  
16 ment which—

17 (i) is sufficiently accurate and com-  
18 prehensive to apprise the participant of  
19 such rights and obligations, and

20 (ii) is written in a manner calculated  
21 to be understood by the average partici-  
22 pant to whom the arrangement applies.

23 (B) A notice shall not be treated as meet-  
24 ing the requirements of subparagraph (A) with  
25 respect to a participant unless—



1 (i) the notice includes an explanation  
2 of the participant's right under the ar-  
3 rangement not to have elective contribu-  
4 tions made on the participant's behalf (or  
5 to elect to have such contributions made at  
6 a different percentage),

7 (ii) the participant has a reasonable  
8 period of time, after receipt of the notice  
9 described in subparagraph (A) and before  
10 the first elective contribution is made, to  
11 make such election, and

12 (iii) the notice explains how contribu-  
13 tions made under the arrangement will be  
14 invested in the absence of any investment  
15 election by the participant.

16 (4) EFFECTIVE DATE.—This subsection shall  
17 take effect on the date of the enactment of this Act.

18 (d) ALLOW CERTAIN PLAN TRANSFERS AND MERG-  
19 ERS.—

20 (1) IN GENERAL.—Section 414 is amended by  
21 adding at the end the following new subsection:

22 “(y) CERTAIN PLAN TRANSFERS AND MERGERS.—

23 “(1) IN GENERAL.—Under rules prescribed by  
24 the Secretary, except as provided in paragraph (2),

1 no amount shall be includible in gross income by  
2 reason of—

3 “(A) a transfer of all or a portion of the  
4 account balance of a participant or beneficiary,  
5 whether or not vested, from a plan described in  
6 section 401(a) or an annuity contract described  
7 in section 403(b), which is a church plan de-  
8 scribed in section 414(e) to an annuity contract  
9 described in section 403(b), if such plan and  
10 annuity contract are both maintained by the  
11 same church or convention or association of  
12 churches,

13 “(B) a transfer of all or a portion of the  
14 account balance of a participant or beneficiary,  
15 whether or not vested, from an annuity contract  
16 described in section 403(b) to a plan described  
17 in section 401(a) or an annuity contract de-  
18 scribed in section 403(b), which is a church  
19 plan described in section 414(e), if such plan  
20 and annuity contract are both maintained by  
21 the same church or convention or association of  
22 churches, or

23 “(C) a merger of a plan described in sec-  
24 tion 401(a), or an annuity contract described in  
25 section 403(b), which is a church plan described

1 in section 414(e) with an annuity contract de-  
2 scribed in section 403(b), if such plan and an-  
3 nuity contract are both maintained by the same  
4 church or convention or association of churches.

5 “(2) LIMITATION.—Paragraph (1) shall not  
6 apply to a transfer or merger unless the partici-  
7 pant’s or beneficiary’s benefit immediately after the  
8 transfer or merger is equal to or greater than the  
9 participant’s or beneficiary’s benefit immediately be-  
10 fore the transfer or merger.

11 “(3) QUALIFICATION.—A plan or annuity con-  
12 tract shall not fail to be considered to be described  
13 in sections 401(a) or 403(b) merely because such  
14 plan or account engages in a transfer or merger de-  
15 scribed in this subsection.

16 “(4) DEFINITIONS.—For purposes of this sub-  
17 section:

18 “(A) CHURCH.—The term ‘church’ in-  
19 cludes an organization described in subpara-  
20 graph (A) or (B)(ii) of subsection (e)(3).

21 “(B) ANNUITY CONTRACT.—The term ‘an-  
22 nuity contract’ includes a custodial account de-  
23 scribed in section 403(b)(7) and a retirement  
24 income account described in section  
25 403(b)(9).”

1           (2) EFFECTIVE DATE.—The amendment made  
2           by this subsection shall apply to transfers or merg-  
3           ers occurring after the date of the enactment of this  
4           Act.

5           (e) INVESTMENTS BY CHURCH PLANS IN COLLEC-  
6           TIVE TRUSTS.—

7           (1) IN GENERAL.—In the case of—

8                   (A) a church plan (as defined in section  
9                   414(e) of the Internal Revenue Code 1986), in-  
10                   cluding a plan described in section 401(a) of  
11                   such Code and a retirement income account de-  
12                   scribed in section 403(b)(9) of such Code, and

13                   (B) an organization described in section  
14                   414(e)(3)(A) of such Code the principal pur-  
15                   pose or function of which is the administration  
16                   of such a plan or account,

17           the assets of such plan, account, or organization (in-  
18           cluding any assets otherwise permitted to be com-  
19           mingled for investment purposes with the assets of  
20           such a plan, account, or organization) may be in-  
21           vested in a group trust otherwise described in Inter-  
22           nal Revenue Service Revenue Ruling 81–100 (as  
23           modified by Internal Revenue Service Revenue Rul-  
24           ings 2004–67 and 2011–1), or any subsequent rev-  
25           enue ruling that supersedes or modifies such revenue

1 ruling, without adversely affecting the tax status of  
2 the group trust, such plan, account, or organization,  
3 or any other plan or trust that invests in the group  
4 trust.

5 (2) EFFECTIVE DATE.—This subsection shall  
6 apply to investments made after the date of the en-  
7 actment of this Act.

8 **SEC. 406. PROTECTING OLDER, LONGER SERVICE PARTICI-**  
9 **PANTS.**

10 (a) IN GENERAL.—Paragraph (4) of section 401(a)  
11 of the Internal Revenue Code of 1986 is amended to read  
12 as follows:

13 “(4) NONDISCRIMINATION.—

14 “(A) IN GENERAL.—A trust shall not con-  
15 stitute a qualified trust under this section un-  
16 less the contributions or benefits provided under  
17 the plan do not discriminate in favor of highly  
18 compensated employees (within the meaning of  
19 section 414(q)). For purposes of this para-  
20 graph, there shall be excluded from consider-  
21 ation employees described in section 410(b)(3)  
22 (A) and (C).

23 “(B) PROTECTION OF OLDER, LONGER  
24 SERVICE PARTICIPANTS.—

1           “(i)(I) A defined benefit plan de-  
2           scribed in subclause (II) shall not fail to  
3           satisfy this paragraph with respect to plan  
4           benefits, rights, or features by reason of—

5                   “(aa) the composition of the  
6                   closed class of participants described  
7                   in subclause (II), or

8                   “(bb) the benefits, rights, or fea-  
9                   tures provided to such closed class.

10           “(II) A plan is described in this sub-  
11           clause if—

12                   “(aa) the plan provides benefits,  
13                   rights, or features to a closed class of  
14                   participants,

15                   “(bb) such closed class and such  
16                   benefits, rights, and features satisfy  
17                   the requirements of subparagraph (A)  
18                   (without regard to this clause) as of  
19                   the date that the class was closed, and

20                   “(cc) after the date as of which  
21                   the class was closed, any plan amend-  
22                   ments that modify the closed class or  
23                   the benefits, rights, and features pro-  
24                   vided to such closed class satisfy sub-

1 paragraph (A) (without regard to this  
2 clause).

3 If a plan amendment causes a plan to  
4 cease to be described in this subclause (II)  
5 by reason of subclause (II)(cc), the plan is  
6 nevertheless described in this subclause  
7 (II) if such plan satisfies this subclause  
8 (II) (without regard to subclause (II)(cc))  
9 as of the effective date of such amend-  
10 ment. In such cases, subclauses (II)(bb)  
11 and (cc) shall subsequently be applied by  
12 reference to the effective date of the plan  
13 amendment, rather than by reference to  
14 the original date that the class was closed.

15 “(ii)(I) A defined contribution plan  
16 described in subclause (II) shall permitted  
17 to be tested on a benefits basis.

18 “(II) A defined contribution plan is  
19 described in this subclause if—

20 “(aa) the plan provides make-  
21 whole contributions to a closed class  
22 of participants whose defined benefit  
23 plan accruals have been reduced or  
24 eliminated,

1           “(bb) such closed class of partici-  
2 pants satisfies section 410(b)(2)(A)(i)  
3 as of the date that the class of partici-  
4 pants was closed, and

5           “(cc) after the date as of which  
6 the class was closed, any plan amend-  
7 ments that modify the closed class or  
8 the allocations, benefits, rights, and  
9 features provided to such closed class  
10 satisfy subparagraph (A) (without re-  
11 gard to this clause).

12           If a plan amendment causes a plan to  
13 cease to be described in this subclause (II)  
14 by reason of subclause (II)(cc), the plan is  
15 nevertheless described in this subclause  
16 (II) if such plan satisfies this subclause  
17 (II) (without regard to subclause (II)(cc))  
18 as of the effective date of such amend-  
19 ment. In such cases, subclause (II)(bb)  
20 and (cc) shall subsequently be applied by  
21 reference to the effective date of the plan  
22 amendment, rather than by reference to  
23 the original date that the class was closed.

24           “(III) In addition to other testing  
25 methodologies otherwise applicable, for



1 purposes of determining compliance with  
2 this paragraph and with section 410(b) of  
3 the portion of one or more defined con-  
4 tribution plans described in subclause (II)  
5 that provide make-whole contributions,  
6 such portion of such plans may be aggre-  
7 gated and tested on a benefits basis with  
8 the portion of one or more defined con-  
9 tribution plans that—

10 “(aa) provides matching con-  
11 tributions (as defined in subsection  
12 (m)(4)(A)), or

13 “(bb) consists of an employee  
14 stock ownership plan within the mean-  
15 ing of section 4975(e)(7) or a tax  
16 credit employee stock ownership plan  
17 within the meaning of section 409(a).

18 For such purposes, matching contributions  
19 shall be treated in the same manner as em-  
20 ployer contributions that are made without  
21 regard to whether an employee makes an  
22 elective contribution or employee contribu-  
23 tion, including for purposes of applying the  
24 rules of subsection (l).

1           “(C) DEFINITIONS.—For purposes of this  
2 paragraph—

3           “(i) MAKE-WHOLE CONTRIBUTIONS.—

4           The term ‘make-whole contributions’  
5 means allocations for each employee in the  
6 class that are reasonably calculated, in a  
7 consistent manner, to replace some or all  
8 of the retirement benefits that the em-  
9 ployee would have received under the de-  
10 fined benefit plan and any other plan or  
11 arrangement if the employee had continued  
12 to benefit at the same level under such de-  
13 fined benefit plan and such other plan or  
14 arrangement.

15           “(ii) REFERENCES TO CLOSED CLASS  
16 OF PARTICIPANTS.—References to a closed  
17 class of participants and similar references  
18 to a closed class shall include arrange-  
19 ments under which one or more classes of  
20 participants are closed.

21           “(D) PROTECTING GRANDFATHERED PAR-  
22 TICIPANTS IN DEFINED BENEFIT PLANS.—

23           “(i) One or more defined benefit plans  
24 described in clause (ii) shall be permitted

1 to be tested on a benefits basis with one or  
2 more defined contribution plans.

3 “(ii) A defined benefit plan is de-  
4 scribed in this clause if—

5 “(I) the plan provides benefits to  
6 a closed class of participants,

7 “(II) the plan and such benefits  
8 satisfy the requirements of subpara-  
9 graph (A) (without regard to this sub-  
10 paragraph) as of the date the class  
11 was closed, and

12 “(III) after the date as of which  
13 the class was closed, any plan amend-  
14 ments that modify the closed class or  
15 the benefits provided to such closed  
16 class satisfy subparagraph (A) (with-  
17 out regard to this subparagraph).

18 If a plan amendment causes a plan to  
19 cease to be described in this clause (ii) by  
20 reason of subclause (III), the plan is never-  
21 theless described in this clause (ii) if such  
22 plan satisfies this clause (ii) (without re-  
23 gard to subclause (III)) as of the effective  
24 date of such amendment. In such cases,  
25 subclauses (II) and (III) shall subsequently

1 be applied by reference to the effective  
2 date of the plan amendment, rather than  
3 by reference to the original date that the  
4 class was closed.

5 “(iii) In addition to other testing  
6 methodologies otherwise applicable, for  
7 purposes of determining compliance with  
8 this paragraph and with section 410(b) of  
9 one or more defined benefit plans described  
10 in clause (ii), such plans may be aggre-  
11 gated and tested on a benefits basis with  
12 the portion of one or more defined con-  
13 tribution plans that—

14 “(I) provides matching contribu-  
15 tions (as defined in subsection  
16 (m)(4)(A)), or

17 “(II) consists of an employee  
18 stock ownership plan within the mean-  
19 ing of section 4975(e)(7) or a tax  
20 credit employee stock ownership plan  
21 within the meaning of section 409(a).

22 For such purposes, matching contributions  
23 shall be treated in the same manner as em-  
24 ployer contributions that are made without  
25 regard to whether an employee makes an

1 elective contribution or employee contribu-  
2 tion, including for purposes of applying the  
3 rules of subsection (I).

4 “(E) RULES.—The Secretary may pre-  
5 scribe rules designed to prevent abuse of the  
6 plan designs otherwise permitted by reason of  
7 subparagraphs (B) and (D). Such rules shall be  
8 directed towards abuses under which the de-  
9 fined benefit plan was established within a spec-  
10 ified period prior to the date that—

11 “(i) the class of participants described  
12 in subparagraphs (B)(i)(II)(aa),  
13 (B)(ii)(II)(aa), and (D)(ii)(I) is closed, or

14 “(ii) the defined benefit plan accruals  
15 have been reduced or eliminated, in the  
16 case of the make-whole contributions de-  
17 scribed in subparagraph (C).

18 “(F) TRANSITION RULES.—Within one  
19 year after the date of enactment of the Retirement Plan Simplification and Enhancement Act  
20 of 2013, the Secretary shall prescribe rules that  
21 facilitate the use of the provisions of subpara-  
22 graph (B) and (D) without regard to—

23 “(i) whether the closing of the class of  
24 participants referred to in such subpara-  
25

1 graphs occurred before or after such date  
2 of enactment, or

3 “(ii) plan amendments that were  
4 adopted or effective before such date of en-  
5 actment and that would not have been nec-  
6 essary if subparagraphs (B) and (D) had  
7 been in effect.”.

8 (b) PARTICIPATION REQUIREMENTS.—Paragraph  
9 (26) of section 401(a) of the Internal Revenue Code of  
10 1986 is amended by adding at the end the following new  
11 subparagraph:

12 “(I) PROTECTED PARTICIPANTS.—A plan  
13 described in this subparagraph shall be deemed  
14 to satisfy the requirements of subparagraph  
15 (A). A plan is described in this paragraph if—

16 “(i) the plan is amended to—

17 “(I) cease all benefit accruals, or

18 “(II) provide future benefit ac-  
19 cruals only to a closed class of partici-  
20 pants, and

21 “(ii) the plan satisfies subparagraph  
22 (A) (without regard to this subparagraph)  
23 as of the effective date of the amendment.

24 The Secretary may prescribe such rules as are  
25 necessary or appropriate to fulfill the purposes

1 of this subparagraph, including prevention of  
2 abuse of this subparagraph in the case of plans  
3 established within a specific period prior to the  
4 effective date of the amendment.”.

5 (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall take effect on the date of the enactment  
7 of this Act, without regard to whether any plan modifica-  
8 tions referenced in such amendments are adopted or effec-  
9 tive before, on, or after such date of enactment.

10 **SEC. 407. REVIEW AND REPORT TO THE CONGRESS RELAT-**  
11 **ING TO REPORTING AND DISCLOSURE RE-**  
12 **QUIREMENTS.**

13 (a) STUDY.—As soon as practicable after the date of  
14 the enactment of this Act, the Secretary of Labor, the Sec-  
15 retary of the Treasury, and the Pension Benefit Guaranty  
16 Corporation shall review the reporting and disclosure re-  
17 quirements of—

18 (1) title I of the Employee Retirement Income  
19 Security Act of 1974 applicable to pension plans (as  
20 defined in section 3(2) of such Act), and

21 (2) the Internal Revenue Code of 1986 applica-  
22 ble to qualified retirement plans (as defined in sec-  
23 tion 4974(c) of such Code without regard to para-  
24 graphs (4) and (5) thereof).

1 (b) REPORT.—Not later than 18 months after the  
2 date of the enactment of this Act, the Secretary of Labor,  
3 the Secretary of the Treasury, and the Pension Benefit  
4 Guaranty Corporation, jointly, shall make such rec-  
5 ommendations as may be appropriate to the appropriate  
6 committees of the Congress to consolidate, simplify, stand-  
7 ardize, and improve the applicable reporting and disclo-  
8 sure requirements so as to simplify reporting for plans ref-  
9 erenced to in subsection (a) and ensure that needed under-  
10 standable information is provided to participants and  
11 beneficiaries of such plans.

12 **SEC. 408. CONSOLIDATION OF DEFINED CONTRIBUTION**  
13 **PLAN NOTICES.**

14 (a) IN GENERAL.—

15 (1) Not later than 18 months after the date of  
16 the enactment of this Act, the Secretary of Labor  
17 and the Secretary of the Treasury shall adopt final  
18 regulations providing that a plan may, but is not re-  
19 quired to, consolidate two or more of the notices re-  
20 quired under sections 404(c)(5)(B) and 514(e)(3) of  
21 the Employee Retirement Income Security Act of  
22 1974 (29 U.S.C. 1144(e)(3)), sections  
23 401(k)(12)(D), 401(k)(13)(E), and 414(w)(4) of the  
24 Internal Revenue Code of 1986, and section  
25 2550.404a-5 of title 29, Code of Federal Regula-



1 tions (29 C.F.R. 2550.404a-5) into a single notice  
2 or, to the extent provided by such regulations, con-  
3 solidate such notices with the summary plan descrip-  
4 tion or summary of material modifications described  
5 in section 104(b) of the Employee Retirement In-  
6 come Security Act of 1974 (29 U.S.C. 1024(b)), so  
7 long as the combined notice, summary plan descrip-  
8 tion or summary of material modifications includes  
9 the required content, clearly identifies the issues ad-  
10 dressed therein, and is provided at the time and with  
11 the frequency required for each such notice.

12 (2) The Secretary of Labor and the Secretary  
13 of the Treasury may include in such regulations  
14 rules to ensure that, to the extent such notices are  
15 consolidated with the summary plan description or  
16 summary of material modifications, the presentation,  
17 placement, or prominence of the information in such  
18 notices shall not have the effect of failing to inform  
19 participants and beneficiaries regarding the informa-  
20 tion in such notices.

21 (b) PROVISION OF ANNUAL NOTICES WITHOUT RE-  
22 GARD TO PLAN YEAR.—

23 (1) Clause (i) of section 404(c)(5)(B) of the  
24 Employee Retirement Income Security Act of 1974  
25 (29 U.S.C. 1104(c)(5)(B)) is amended—

1 (A) in subclause (I) by striking “within a  
2 reasonable period of time before each plan  
3 year,” and inserting “within a reasonable pe-  
4 riod before the arrangement described in sub-  
5 paragraph (A) applies to such participant or  
6 beneficiary, and thereafter at least once within  
7 any 12-month period (without regard to the  
8 plan year) during which such arrangement ap-  
9 plies,” and

10 (B) in subclause (II) by striking “and be-  
11 fore the beginning of the plan year”.

12 (2) Subparagraph (A) of section 514(e)(3) of  
13 the Employee Retirement Income Security Act of  
14 1974 (29 U.S.C. 1144(e)(3)(A)) is amended by  
15 striking “, within a reasonable period before such  
16 plan year, provide to each participant to whom the  
17 arrangement applies for such plan year” and insert-  
18 ing “, within a reasonable period before the arrange-  
19 ment applies to a participant or beneficiary, and  
20 thereafter at least once within any 12-month period  
21 (without regard to the plan year) during which such  
22 arrangement applies, provide”.

23 (3) Clause (i) of section 401(k)(13)(E) of the  
24 Internal Revenue Code of 1986 is amended by strik-  
25 ing “, within a reasonable period before each plan

1 year, each employee eligible to participate in the ar-  
2 rangement for such year receives” and inserting  
3 “each employee eligible to participate in the arrange-  
4 ment receives, within a reasonable period before the  
5 employee becomes eligible, and thereafter within a  
6 reasonable period before each plan year during  
7 which such arrangement applies,”.

8 (4) Subparagraph (D) of section 401(k)(12) of  
9 the Internal Revenue Code of 1986 is amended by  
10 striking “, within a reasonable period before any  
11 year, given written notice” and inserting “given  
12 written notice, within a reasonable period before the  
13 employee becomes eligible, and thereafter within a  
14 reasonable period before each plan year during  
15 which such arrangement applies,”.

16 (5) Subparagraph (A) of section 414(w)(4) of  
17 the Internal Revenue Code of 1986 is amended by  
18 striking “, within a reasonable period before each  
19 plan year, give to each employee to whom an ar-  
20 rangement described in paragraph (3) applies for  
21 such plan year” and inserting “, within a reasonable  
22 period before an arrangement described in para-  
23 graph (3) applies to an employee, and thereafter at  
24 least once within any 12-month period (without re-

1       gard to the plan year) during which such arrange-  
2       ment applies, give to each such employee”.

3   **SEC. 409. PERFORMANCE BENCHMARKS FOR ASSET ALLO-**  
4                   **CATION FUNDS.**

5       Not later than six months after the date of enactment  
6 of this Act, the Secretary of Labor shall modify the regula-  
7 tions under section 404 of the Employee Retirement In-  
8 come Security Act of 1974 to provide that, in the case  
9 of a designated investment alternative that contains a mix  
10 of asset classes, a plan administrator may, but is not re-  
11 quired to, use a benchmark that is a blend of different  
12 broad-based securities market indices if—

13           (1) the blend is reasonably representative of the  
14       asset class holdings of the designated investment al-  
15       ternative;

16           (2) for purposes of determining the blend’s re-  
17       turns for 1-, 5-, and 10-calendar year periods (or for  
18       the life of the alternative, if shorter), the blend is  
19       modified at least once per year to reflect changes in  
20       the asset class holdings of the designated investment  
21       alternative; and

22           (3) each securities market index that is used for  
23       an associated asset class would separately satisfy the  
24       requirements of such regulations for such asset  
25       class.

1 **SEC. 410. PERMIT NONSPOUSAL BENEFICIARIES TO ROLL**  
2 **ASSETS TO PLANS.**

3 (a) IN GENERAL.—Section 402(c) is amended by  
4 adding at the end the following new paragraph:

5 “(12) DISTRIBUTIONS TO QUALIFIED PLAN OF  
6 NONSPOUSE BENEFICIARY.—If, with respect to any  
7 portion of a distribution from an eligible retirement  
8 plan described in paragraph (8)(B)(iii) of a deceased  
9 employee, a direct trustee-to-trustee transfer is made  
10 to a plan or annuity described in clause (iii), (iv),  
11 (v), or (vi) of paragraph (8)(B) of an individual who  
12 is a designated beneficiary (as defined by section  
13 401(a)(9)(E)) of the employee and who is not the  
14 surviving spouse of the employee—

15 “(A) the transfer shall be treated as an eli-  
16 gible rollover distribution, and

17 “(B) section 401(a)(9)(B) (other than  
18 clause (iv) thereof) shall apply to such plan.”.

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

22 **SEC. 411. ELIMINATE THE “FIRST DAY OF THE MONTH” RE-**  
23 **QUIREMENT.**

24 (a) IN GENERAL.—Paragraph (4) of section 457(b)  
25 is amended to read as follows:

1           “(4) which provides that compensation will be  
2           deferred only if an agreement providing for such de-  
3           ferral has been entered into before the compensation  
4           is currently available to the individual,”.

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

8                           **TITLE V—PROVISIONS**  
9           **ENSURING EQUITY IN DIVORCE**

10 **SEC. 501. SPECIAL RULES RELATING TO TREATMENT OF**  
11 **QUALIFIED DOMESTIC RELATIONS ORDERS.**

12           (a) PRESERVATION OF ASSETS.—

13                   (1) AMENDMENT OF 1986 CODE.—Section  
14 414(p) is amended by redesignating paragraph (13)  
15 as paragraph (14) and by inserting after paragraph  
16 (12) the following new paragraph:

17                   “(13) PRESERVATION OF ASSETS.—

18                           “(A) IN GENERAL.—If a spouse or former  
19 spouse of a participant notifies a plan in writ-  
20 ing that—

21                                   “(i) an action is pending pursuant to  
22 a State domestic relations law (including a  
23 community property law), and

24                                   “(ii) all or a portion of the benefits  
25 payable with respect to the participant

1           under the plan are a subject of such ac-  
2           tion,  
3           and includes with the notice evidence of the  
4           pendency of the action, the plan administrator  
5           shall, during the segregation period, separately  
6           account for 50 percent of such benefits. Any  
7           amounts so separately accounted for may not  
8           be distributed by the plan during the segrega-  
9           tion period.

10           “(B) SEGREGATION PERIOD.—For pur-  
11           poses of subparagraph (A), the term ‘segrega-  
12           tion period’ means the period—

13                   “(i) beginning on the date of the re-  
14                   ceipt of the notice, and

15                   “(ii) ending as of the close of the 90-  
16                   day period beginning on such date (or, if  
17                   earlier, the date of receipt of a domestic  
18                   relations order with respect to the partici-  
19                   pant and the spouse or former spouse or  
20                   the date the action is no longer pending).

21           The segregation period shall be extended for 1  
22           or more additional periods described in the pre-  
23           ceding sentence upon notice by the spouse or  
24           former spouse that the action described in sub-

1 paragraph (A) is still pending as of the close of  
2 any prior segregation period.”.

3 (2) AMENDMENT OF EMPLOYEE RETIREMENT  
4 INCOME SECURITY ACT OF 1974.—Section 206(d)(3)  
5 of the Employee Retirement Income Security Act of  
6 1974 (29 U.S.C. 1056(d)(3)) is amended by redesignig-  
7 nating subparagraph (N) as subparagraph (O) and  
8 by inserting after subparagraph (M) the following  
9 new subparagraph:

10 “(N) PRESERVATION OF ASSETS.—

11 “(i) IN GENERAL.—If a spouse or  
12 former spouse of a participant notifies a  
13 plan in writing that—

14 “(I) an action is pending pursu-  
15 ant to a State domestic relations law  
16 (including a community property law),  
17 and

18 “(II) all or a portion of the bene-  
19 fits payable with respect to the partic-  
20 ipant under the plan are a subject of  
21 such action,

22 and includes with the notice evidence of  
23 the pendency of the action, the plan ad-  
24 ministrators shall, during the segregation  
25 period, separately account for 50 percent



1 of such benefits. Any amounts so sepa-  
2 rately accounted for may not be distributed  
3 by the plan during the segregation period.

4 “(ii) SEGREGATION PERIOD.—For  
5 purposes of clause (i), the term ‘segrega-  
6 tion period’ means the period—

7 “(I) beginning on the date of the  
8 receipt of the notice, and

9 “(II) ending as of the close of the  
10 90-day period beginning on such date  
11 (or, if earlier, the date of receipt of a  
12 domestic relations order with respect  
13 to the participant and the spouse or  
14 former spouse or the date the action  
15 is no longer pending).

16 The segregation period shall be extended  
17 for 1 or more additional periods described  
18 in the preceding sentence upon notice by  
19 the spouse or former spouse that the ac-  
20 tion described in clause (i) is still pending  
21 as of the close of any prior segregation pe-  
22 riod.”.

23 (b) PENALTY FOR FAILURE TO PROVIDE INFORMA-  
24 TION REGARDING ALTERNATE PAYEES.—Section 502(c)  
25 of the Employee Retirement Income Security Act of 1974

1 (29 U.S.C. 1132(c)) is amended by redesignating para-  
2 graphs (8) and (9) as paragraphs (9) and (10), respec-  
3 tively, and by inserting after paragraph (7) the following  
4 new paragraph:

5           “(8) FAILURE TO PROVIDE INFORMATION RE-  
6           GARDING ALTERNATE PAYEES.—The Secretary may  
7           assess a civil penalty against any plan administrator  
8           of up to \$100 a day from the date of the plan ad-  
9           ministrator’s failure or refusal to provide the infor-  
10          mation the plan administrator is required to provide  
11          under regulations under this Act to prospective al-  
12          ternative payees under a domestic relations order  
13          under section 206(d)(3) or to the Secretary or any  
14          representative of a prospective alternative payee in  
15          connection with such an order.”.

16          (c) ALLOCATION OF PLAN EXPENSES IN COMPLYING  
17 WITH DOMESTIC RELATIONS ORDERS.—

18           (1) AMENDMENT OF 1986 CODE.—Section  
19           414(p), as amended by subsection (a), is amended  
20           by redesignating paragraph (14) as paragraph (15)  
21           and by inserting after paragraph (13) the following  
22           new paragraph:

23           “(14) ALLOCATION OF EXPENSES.—Any ex-  
24           penses incurred by a plan with respect to compliance  
25           with the requirements of this subsection shall not be

1 allocated to an individual participant but rather  
2 shall be allocated among all participants on the basis  
3 of the relative value of each participant's share of  
4 the assets of the plan, on the basis of a flat amount  
5 per participant, or on any other reasonable basis  
6 provided for under the plan.”.

7 (2) AMENDMENT OF EMPLOYEE RETIREMENT  
8 INCOME SECURITY ACT OF 1974.—Section 206(d)(3)  
9 of the Employee Retirement Income Security Act of  
10 1974 (29 U.S.C. 1056(d)(3)), as amended by sub-  
11 section (a), is amended by redesignating subpara-  
12 graph (O) as subparagraph (P) and by inserting  
13 after subparagraph (N) the following new subpara-  
14 graph:

15 “(O) ALLOCATION OF EXPENSES.—Any  
16 expenses incurred by a plan with respect to  
17 compliance with the requirements of this para-  
18 graph shall not be allocated to an individual  
19 participant but rather shall be allocated among  
20 all participants on the basis of the relative value  
21 of each participant's share of the assets of the  
22 plan, on the basis of a flat amount per partici-  
23 pant, or on any other reasonable basis provided  
24 for under the plan.”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to plan years beginning after De-  
3 cember 31, 2013.

4 **SEC. 502. ELIMINATION OF CURRENT CONNECTION RE-**  
5 **QUIREMENT UNDER RAILROAD RETIREMENT**  
6 **ACT FOR CERTAIN SURVIVORS.**

7 (a) IN GENERAL.—Section 2(d)(1) of the Railroad  
8 Retirement Act of 1974 (45 U.S.C. 231a(d)(1)), in the  
9 matter preceding paragraph (i), is amended by inserting  
10 “, except with respect to survivors described in paragraph  
11 (i), (ii), or (v),” after “December 31, 1995) and”.

12 (b) EFFECTIVE DATES.—

13 (1) IN GENERAL.—The amendment made by  
14 subsection (a) shall take effect on the date of enact-  
15 ment of this Act.

16 (2) RETROACTIVE APPLICATION TO CERTAIN  
17 SURVIVORS.—If a survivor of a deceased employee  
18 would be entitled to an annuity by reason of the  
19 amendment made by subsection (a) but for the fact  
20 that the employee died before the date of the enact-  
21 ment of this Act, the survivor shall be entitled to  
22 such an annuity but only with respect to annuity  
23 payments for months beginning on or after such  
24 date. Appropriate adjustments shall be made in an-

1       nuity payments of other individuals to reflect any  
2       annuity payable by reason of this paragraph.

3   **SEC. 503. PERMITTING DIVORCED SPOUSES AND WIDOWS**  
4                   **AND WIDOWERS TO REMARRY AFTER TURN-**  
5                   **ING 60 WITHOUT A PENALTY UNDER RAIL-**  
6                   **ROAD RETIREMENT ACT.**

7       (a) IN GENERAL.—

8               (1) DIVORCED SPOUSE.—Section 2(c)(4) of the  
9       Railroad Retirement Act of 1974 (45 U.S.C.  
10       231a(c)(4)) is amended by adding at the end the fol-  
11       lowing new sentence: “For purposes of paragraph  
12       (ii)(B), if a divorced wife marries after attaining age  
13       60, such marriage shall be deemed not to have oc-  
14       curred.”.

15              (2) WIDOWS AND WIDOWERS.—Section  
16       2(d)(1)(v) of the Railroad Retirement Act of 1974  
17       (45 U.S.C. 231a(d)(1)(v)) is amended by adding at  
18       the end the following new sentence: “For purposes  
19       of this paragraph, if a widow marries after attaining  
20       age 60, such marriage shall be deemed not to have  
21       occurred.”.

22       (b) EFFECTIVE DATES.—

23              (1) IN GENERAL.—The amendments made by  
24       this section shall take effect on the date of enact-  
25       ment of this Act.

1           (2) RETROACTIVE APPLICATION.—If a divorced  
2 wife, widow, or widower would be entitled to an an-  
3 nuity by reason of the amendments made by this  
4 section but for the fact the individual was married  
5 before the date of the enactment of this Act, the in-  
6 dividual shall be entitled to such an annuity but only  
7 with respect to annuity payments for months begin-  
8 ning on or after such date. Appropriate adjustments  
9 shall be made in annuity payments of other individ-  
10 uals to reflect any annuity payable by reason of this  
11 paragraph.

12 **SEC. 504. REPEAL OF JURISDICTIONAL REQUIREMENT FOR**  
13 **COURT TO TREAT MILITARY RETIREMENT**  
14 **PAY AS PROPERTY OF THE MILITARY MEM-**  
15 **BER AND SPOUSE.**

16       (a) IN GENERAL.—Section 1408(c) of title 10,  
17 United States Code, is amended by striking paragraph (4).

18       (b) EFFECTIVE DATE.—The amendment made by  
19 this section shall apply to final decrees issued on or after  
20 the date of the enactment of this Act.

1 **SEC. 505. MODIFICATION OF REDUCTIONS IN DISPOSABLE**  
2 **RETIRED PAY FOR PAYMENTS IN COMPLI-**  
3 **ANCE WITH COURT ORDERS.**

4 (a) **IN GENERAL.**—Section 1408(d) of title 10,  
5 United States Code, is amended by adding at the end the  
6 following new paragraph:

7 “(8) Notwithstanding subsection (a)(4) or  
8 (e)(1), if the disposable retired pay of a member is  
9 reduced under subparagraph (B) of subsection  
10 (a)(4) as a result of a waiver required to receive  
11 compensation under title 38, or is reduced under  
12 subparagraph (C) of subsection (a)(4), the Secretary  
13 concerned shall pay (subject to any other limitation  
14 under this section) to the spouse or former spouse  
15 the lesser of—

16 “(A) the amount payable under the final  
17 court order from the disposable retired pay (de-  
18 termined without regard to such reductions), or

19 “(B) 100 percent of the disposable retired  
20 pay (determined after such reductions).”.

21 (b) **EFFECTIVE DATE.**—The amendment made by  
22 this section shall apply to payments of disposable retired  
23 pay attributable to periods beginning on or after the date  
24 of the enactment of this Act with respect to final court  
25 orders issued on, before, or after such date.

1 **SEC. 506. SURVIVOR ANNUITIES FOR WIDOWS, WIDOWERS,**  
2 **AND FORMER SPOUSES OF FEDERAL EM-**  
3 **PLOYEES WHO DIE BEFORE ATTAINING AGE**  
4 **FOR DEFERRED ANNUITY UNDER CIVIL**  
5 **SERVICE RETIREMENT SYSTEM.**

6 (a) DEFINITION.—Section 8341(a) of title 5, United  
7 States Code, is amended—

8 (1) in paragraph (1), by striking “employee or  
9 Member” and inserting “employee, Member, or an-  
10 nuitant, or of a former employee or Member,”; and

11 (2) in paragraph (2), by striking “employee or  
12 Member” and inserting “employee, Member, or an-  
13 nuitant, or of a former employee or Member,”.

14 (b) BENEFITS FOR WIDOW, WIDOWER, OR FORMER  
15 SPOUSE.—

16 (1) IN GENERAL.—Section 8341 of title 5,  
17 United States Code, is amended by adding at the  
18 end the following:

19 “(1) If a former employee heretofore or hereafter sep-  
20 arated from the service with title to deferred annuity from  
21 the Fund hereafter dies before having established a valid  
22 claim for annuity and is survived by a widow or widower  
23 to whom married at the date of separation, the widow or  
24 widower—

25 “(1) is entitled to an annuity equal to 55 per-  
26 cent of the deferred annuity of the former employee



1 commencing on the day after the former employee  
2 dies and terminating on the last day of the month  
3 before the widow or widower dies or remarries before  
4 becoming 55 years of age; or

5 “(2) may elect to receive the lump-sum credit  
6 instead of annuity if the widow or widower is the in-  
7 dividual who would be entitled to the lump-sum  
8 credit and files application therefor with the Office  
9 before the award of the annuity.

10 Notwithstanding the preceding sentence, an annuity  
11 payable under this subsection to the widow or wid-  
12 ower of a former employee may not exceed the dif-  
13 ference between—

14 “(A) the annuity which would otherwise be  
15 payable to such widow or widower under this  
16 subsection, and

17 “(B) the amount of the survivor annuity  
18 payable to any former spouse of such former  
19 employee under subsection (h) of this section.”.

20 (2) TECHNICAL AND CONFORMING AMEND-  
21 MENTS.—Section 8339(j) of title 5, United States  
22 Code, is amended—

23 (A) in paragraph (3)(A)(ii), by striking  
24 “and (h)” and inserting “(h), and (l)”; and

1 (B) in paragraph (4), by striking “and  
2 (h)” and inserting “(h), and (l)”.

3 (c) BENEFITS FOR FORMER SPOUSE.—Section  
4 8341(h) of title 5, United States Code, is amended—

5 (1) in paragraph (1), by adding after the first  
6 sentence “Subject to paragraphs (2) through (5) of  
7 this subsection, a former spouse of a former em-  
8 ployee who dies after having separated from the  
9 service with title to a deferred annuity under section  
10 8338(a) but before having established a valid claim  
11 for annuity is entitled to a survivor annuity under  
12 this subsection, if and to the extent expressly pro-  
13 vided for in an election under section 8339(j)(3) of  
14 this title, or in the terms of any decree of divorce  
15 or annulment or any court order or court-approved  
16 property settlement agreement incident to such de-  
17 cree.”; and

18 (2) in paragraph (2)—

19 (A) in subparagraph (A)(ii), by striking  
20 “or annuitant,” and inserting “annuitant, or  
21 former employee”; and

22 (B) in subparagraph (B)—

23 (i) in clause (ii), by striking “or” at  
24 the end;

1 (ii) in clause (iii), by striking the pe-  
2 riod and inserting “; or”; and

3 (iii) by adding at the end the fol-  
4 lowing:

5 “(iv) under subparagraph (A) of sub-  
6 section (l) of this section in the case of a  
7 widow or widower, if the deceased was a  
8 former employee described in the first sen-  
9 tence of such subsection.”.

10 (d) PROTECTION OF SURVIVOR BENEFIT RIGHTS.—  
11 Section 8339(j)(3) of title 5, United States Code, is  
12 amended by inserting at the end the following: “The Office  
13 shall provide by regulation for the application of this sub-  
14 section to the widow, widower, or surviving former spouse  
15 of a former employee who dies after having separated from  
16 the service with title to a deferred annuity under section  
17 8338(a) but before having established a valid claim for  
18 annuity.”.

19 (e) EFFECTIVE DATE.—The amendments made by  
20 this section shall take effect on the date of the enactment  
21 of this Act and shall apply only in the case of a former  
22 employee who dies on or after such date.

1 **SEC. 507. COURT ORDERS RELATING TO FEDERAL RETIRE-**  
2 **MENT BENEFITS FOR FORMER SPOUSES OF**  
3 **FEDERAL EMPLOYEES.**

4 (a) CIVIL SERVICE RETIREMENT SYSTEM.—Section  
5 8345(j) of title 5, United States Code, is amended—

6 (1) by redesignating paragraph (3) as para-  
7 graph (4); and

8 (2) by inserting after paragraph (2) the fol-  
9 lowing:

10 “(3)(A) A court decree, court order, property  
11 settlement, or similar process referred to under  
12 paragraph (1)(A) shall be treated as meeting the re-  
13 quirements of that paragraph if it requires that pay-  
14 ment of benefits be made to the former spouse of  
15 the employee, Member, or annuitant—

16 “(i) in the case of any payment before the  
17 employee, Member, or annuitant has separated  
18 from service, on or after the date on which the  
19 employee, Member, or annuitant attains (or  
20 would have attained) the earliest retirement  
21 age,

22 “(ii) as if the employee, Member, or annu-  
23 itant had retired on the date on which such  
24 payment is to begin under such order (but tak-  
25 ing into account only the present value of the  
26 benefits actually accrued and not taking into

1 account the present value of any employer sub-  
2 sidiy for early retirement), and

3 “(iii) in any form in which such benefits  
4 may be paid under this chapter to the em-  
5 ployee, Member, or annuitant (other than in the  
6 form of a joint and survivor annuity with re-  
7 spect to the former spouse and his or her subse-  
8 quent spouse).

9 For purposes of clause (ii), the interest rate assump-  
10 tion used in determining the present value shall be  
11 the interest rate specified under this subchapter or,  
12 if no rate is specified, 5 percent.

13 “(B) In this paragraph, the term ‘earliest re-  
14 tirement age’ means the earlier of—

15 “(i) the date on which the employee, Mem-  
16 ber, or annuitant is entitled to a distribution  
17 under this subchapter, or

18 “(ii) the later of—

19 “(I) the date the employee, Member,  
20 or annuitant attains age 50, or

21 “(II) the earliest date on which the  
22 employee, Member, or annuitant could  
23 begin receiving benefits under this chapter  
24 if the employee, Member, or annuitant sep-  
25 arated from service.”.

1 (b) FEDERAL EMPLOYEES RETIREMENT SYSTEM.—  
2 Section 8467 of title 5, United States Code, is amended—

3 (1) by redesignating subsection (c) as sub-  
4 section (d); and

5 (2) by inserting after subsection (b) the fol-  
6 lowing:

7 “(c)(1) A court decree, court order, property settle-  
8 ment, or similar process referred to under subsection  
9 (a)(1) shall be treated as meeting the requirements of that  
10 subsection if it requires that payment of benefits be made  
11 to the former spouse of the employee, Member, or annu-  
12 itant—

13 “(A) in the case of any payment before the em-  
14 ployee, Member, or annuitant has separated from  
15 service, on or after the date on which the employee,  
16 Member, or annuitant attains (or would have at-  
17 tained) the earliest retirement age,

18 “(B) as if the employee, Member, or annuitant  
19 had retired on the date on which such payment is  
20 to begin under such order (but taking into account  
21 only the present value of the benefits actually ac-  
22 crued and not taking into account the present value  
23 of any employer subsidy for early retirement), and

24 “(C) in any form in which such benefits may be  
25 paid under this chapter to the employee, Member, or

1 annuitant (other than in the form of a joint and sur-  
2 vivor annuity with respect to the alternate payee and  
3 his or her subsequent spouse).

4 For purposes of subparagraph (B), the interest rate as-  
5 sumption used in determining the present value shall be  
6 the interest rate specified under this chapter or, if no rate  
7 is specified, 5 percent.

8 “(2) In this subsection, the term ‘earliest retirement  
9 age’ means the earlier of—

10 “(A) the date on which the employee, Member,  
11 or annuitant is entitled to a distribution under this  
12 chapter, or

13 “(B) the later of—

14 “(i) the date the employee, Member, or an-  
15 nuitant attains age 50, or

16 “(ii) the earliest date on which the em-  
17 ployee, Member, or annuitant could begin re-  
18 ceiving benefits under this chapter if the em-  
19 ployee, Member, or annuitant separated from  
20 service.”.

21 (c) EFFECTIVE DATE AND APPLICATION.—The  
22 amendments made by this section shall take effect on the  
23 date of the enactment of this Act and apply to any court  
24 decree, court order, property settlement, or similar process  
25 issued or approved before, on, or after that date.

1 **TITLE VI—OFFICE OF PARTICI-**  
2 **PANT AND PLAN SPONSOR**  
3 **ADVOCATE**

4 **SEC. 601. OFFICE OF PARTICIPANT AND PLAN SPONSOR AD-**  
5 **VOCATE.**

6 (a) IN GENERAL.—Section 7803 is amended by add-  
7 ing at the end the following:

8 “(e) PARTICIPANT AND PLAN SPONSOR ADVO-  
9 CATE.—

10 “(1) IN GENERAL.—There is established in the  
11 Internal Revenue Service an office to be known as  
12 the ‘Office of the Participant and Plan Sponsor Ad-  
13 vocate’.

14 “(2) PARTICIPANT AND PLAN SPONSOR ADVO-  
15 CATE.—

16 “(A) IN GENERAL.—The Office of the Par-  
17 ticipant and Plan Sponsor Advocate shall be  
18 under the supervision and direction of an offi-  
19 cial to be known as the ‘Participant and Plan  
20 Sponsor Advocate’. The Commissioner shall se-  
21 lect the Participant and Plan Sponsor Advocate  
22 without regard to the provisions of title 5,  
23 United States Code, relating to appointments in  
24 the competitive service or Senior Executive  
25 Service.



1                   “(B) DUTIES.—The Participant and Plan  
2                   Sponsor Advocate shall—

3                   “(i) act as a liaison between the Inter-  
4                   nal Revenue Service, sponsors of sponsors  
5                   of qualified retirement plans (as defined in  
6                   section 4974(c)), and participants in such  
7                   plans;

8                   “(ii) advocate for the full attainment  
9                   of the rights of such plan sponsors and  
10                  participants;

11                  “(iii) assist pension plan sponsors and  
12                  participants in resolving disputes with the  
13                  Internal Revenue Service;

14                  “(iv) identify areas in which partici-  
15                  pants and plan sponsors have persistent  
16                  problems in dealings with the Internal Rev-  
17                  enue Service;

18                  “(v) to the extent possible, propose  
19                  changes in the administrative practices of  
20                  the Internal Revenue Service to mitigate  
21                  problems;

22                  “(vi) identify potential legislative  
23                  changes which may be appropriate to miti-  
24                  gate problems; and

1           “(vii) refer instances of fraud, waste,  
2           and abuse, and violations of law to the Of-  
3           fice of the Treasury Inspector General for  
4           Tax Administration.

5           “(C) REMOVAL.—If the Participant and  
6           Plan Sponsor Advocate is removed from office  
7           or is transferred to another position or location  
8           within the Internal Revenue Service, the Com-  
9           missioner shall communicate in writing the rea-  
10          sons for any such removal or transfer to Con-  
11          gress not less than 30 days before the removal  
12          or transfer. Nothing in this paragraph shall  
13          prohibit a personnel action otherwise authorized  
14          by law, other than transfer or removal.

15          “(D) COMPENSATION.—The annual rate of  
16          basic pay for the Participant and Plan Sponsor  
17          Advocate shall be the same rate as the highest  
18          rate of basic pay established for the Senior Ex-  
19          ecutive Service under section 5382 of title 5,  
20          United States Code, or, if the Commissioner so  
21          determines, at a rate fixed under section 9503  
22          of such title.

23          “(3) ANNUAL REPORT.—

24                 “(A) IN GENERAL.—Not later than De-  
25                 cember 31 of each calendar year, the Partici-

1           pant and Plan Sponsor Advocate shall report to  
2           the Health, Education, Labor, and Pensions  
3           Committee of the Senate, the Committee on Fi-  
4           nance of the Senate, the Committee on Edu-  
5           cation and the Workforce of the House of Rep-  
6           resentatives, and the Committee on Ways and  
7           Means of the House of Representatives on the  
8           activities of the Office of the Participant and  
9           Plan Sponsor Advocate during the fiscal year  
10          ending during such calendar year.

11           “(B) CONTENT.—Each report submitted  
12          under subparagraph (A) shall—

13           “(i) summarize the assistance re-  
14          quests received from participants and plan  
15          sponsors and describe the activities, and  
16          evaluate the effectiveness, of the Partici-  
17          pant and Plan Sponsor Advocate during  
18          the preceding year;

19           “(ii) identify significant problems the  
20          Participant and Plan Sponsor Advocate  
21          has identified;

22           “(iii) include specific legislative and  
23          regulatory changes to address the prob-  
24          lems; and

1                   “(iv) identify any actions taken to cor-  
2                   rect problems identified in any previous re-  
3                   port.

4                   “(C) CONCURRENT SUBMISSION.—The  
5                   Participant and Plan Sponsor Advocate shall  
6                   submit a copy of each report to the Secretary  
7                   of the Treasury, the Commissioner of Internal  
8                   Revenue, and any other appropriate official at  
9                   the same time such report is submitted to the  
10                  committees of Congress under subparagraph  
11                  (A).”.

12                  (b) EFFECTIVE DATE.—The amendment made by  
13                  this section shall take effect on January 1, 2014.

○