

# Union Calendar No. 747

115TH CONGRESS  
2D SESSION

# H. R. 6757

**[Report No. 115–959, Part I]**

To amend the Internal Revenue Code of 1986 to encourage retirement and family savings, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 10, 2018

Mr. KELLY of Pennsylvania (for himself, Mr. BRADY of Texas, Mr. SAM JOHNSON of Texas, Mr. NUNES, Mr. REICHERT, Mr. ROSKAM, Mr. BUCHANAN, Mr. SMITH of Nebraska, Ms. JENKINS of Kansas, Mr. PAULSEN, Mr. MARCHANT, Mrs. BLACK, Mr. REED, Mr. RENACCI, Mrs. NOEM, Mr. HOLDING, Mr. SMITH of Missouri, Mr. RICE of South Carolina, Mr. SCHWEIKERT, Mrs. WALORSKI, Mr. CURBELO of Florida, Mr. BISHOP of Michigan, Mr. LAHOOD, Mr. WENSTRUP, and Mr. MITCHELL) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Education and the Workforce, 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

SEPTEMBER 24, 2018

Additional sponsors: Mr. SESSIONS, Mrs. BLACKBURN, Mrs. COMSTOCK, Mr. HILL, and Mr. ESTES of Kansas

SEPTEMBER 24, 2018

Reported from the Committee on Ways and Means with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

SEPTEMBER 24, 2018

Committee on Education and the Workforce discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[For text of introduced bill, see copy of bill as introduced on September 10, 2018]

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# **A BILL**

To amend the Internal Revenue Code of 1986 to encourage retirement and family savings, and for other purposes.

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

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

4        (a) *SHORT TITLE.*—*This Act may be cited as the*  
 5 *“Family Savings Act of 2018”.*

6        (b) *TABLE OF CONTENTS.*—*The table of contents for*  
 7 *this Act is as follows:*

*Sec. 1. Short title; etc.*

**TITLE I—EXPANDING AND PRESERVING RETIREMENT SAVINGS**

*Sec. 101. Multiple employer plans; pooled employer plans.*

*Sec. 102. Rules relating to election of safe harbor 401(k) status.*

*Sec. 103. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes.*

*Sec. 104. Repeal of maximum age for traditional IRA contributions.*

*Sec. 105. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements.*

*Sec. 106. Portability of lifetime income investments.*

*Sec. 107. Treatment of custodial accounts on termination of section 403(b) plans.*

*Sec. 108. Clarification of retirement income account rules relating to church-controlled organizations.*

*Sec. 109. Exemption from required minimum distribution rules for individuals with certain account balances.*

*Sec. 110. Clarification of treatment of certain retirement plan contributions picked up by governmental employers for new or existing employees.*

*Sec. 111. Elective deferrals by members of the Ready Reserve of a reserve component of the Armed Forces.*

**TITLE II—ADMINISTRATIVE IMPROVEMENTS**

*Sec. 201. Plan adopted by filing due date for year may be treated as in effect as of close of year.*

*Sec. 202. Modification of nondiscrimination rules to protect older, longer service participants.*

*Sec. 203. Study of appropriate PBGC premiums.*

**TITLE III—OTHER SAVINGS PROVISIONS**

*Sec. 301. Universal Savings Accounts.*

*Sec. 302. Expansion of section 529 plans.*

*Sec. 303. Penalty-free withdrawals from retirement plans for individuals in case of birth of child or adoption.*

1 **TITLE I—EXPANDING AND PRE-**  
2 **SERVING RETIREMENT SAV-**  
3 **INGS**

4 **SEC. 101. MULTIPLE EMPLOYER PLANS; POOLED EMPLOYER**  
5 **PLANS.**

6 (a) *QUALIFICATION REQUIREMENTS.—*

7 (1) *IN GENERAL.—Section 413 of the Internal*  
8 *Revenue Code of 1986 is amended by adding at the*  
9 *end the following new subsection:*

10 “(e) *APPLICATION OF QUALIFICATION REQUIREMENTS*  
11 *FOR CERTAIN MULTIPLE EMPLOYER PLANS WITH POOLED*  
12 *PLAN PROVIDERS.—*

13 “(1) *IN GENERAL.—Except as provided in para-*  
14 *graph (2), if a defined contribution plan to which*  
15 *subsection (c) applies—*

16 “(A) *is maintained by employers which*  
17 *have a common interest other than having adopt-*  
18 *ed the plan, or*

19 “(B) *in the case of a plan not described in*  
20 *subparagraph (A), has a pooled plan provider,*

21 *then the plan shall not be treated as failing to meet*  
22 *the requirements under this title applicable to a plan*  
23 *described in section 401(a) or to a plan that consists*  
24 *of individual retirement accounts described in section*  
25 *408 (including by reason of subsection (c) thereof),*

1 *whichever is applicable, merely because one or more*  
2 *employers of employees covered by the plan fail to*  
3 *take such actions as are required of such employers*  
4 *for the plan to meet such requirements.*

5 “(2) *LIMITATIONS.—*

6 “(A) *IN GENERAL.—Paragraph (1) shall*  
7 *not apply to any plan unless the terms of the*  
8 *plan provide that in the case of any employer in*  
9 *the plan failing to take the actions described in*  
10 *paragraph (1)—*

11 “(i) *the assets of the plan attributable*  
12 *to employees of such employer (or bene-*  
13 *ficiaries of such employees) will be trans-*  
14 *ferred to a plan maintained only by such*  
15 *employer (or its successor), to an eligible re-*  
16 *tirement plan as defined in section*  
17 *402(c)(8)(B) for each individual whose ac-*  
18 *count is transferred, or to any other ar-*  
19 *rangement that the Secretary determines is*  
20 *appropriate, unless the Secretary deter-*  
21 *mines it is in the best interests of the em-*  
22 *ployees of such employer (and the bene-*  
23 *ficiaries of such employees) to retain the as-*  
24 *sets in the plan, and*

1           “(ii) such employer (and not the plan  
2           with respect to which the failure occurred or  
3           any other employer in such plan) shall, ex-  
4           cept to the extent provided by the Secretary,  
5           be liable for any liabilities with respect to  
6           such plan attributable to employees of such  
7           employer (or beneficiaries of such employ-  
8           ees).

9           “(B) *FAILURES BY POOLED PLAN PRO-*  
10          *VIDERS.—If the pooled plan provider of a plan*  
11          *described in paragraph (1)(B) does not perform*  
12          *substantially all of the administrative duties*  
13          *which are required of the provider under para-*  
14          *graph (3)(A)(i) for any plan year, the Secretary*  
15          *may provide that the determination as to wheth-*  
16          *er the plan meets the requirements under this*  
17          *title applicable to a plan described in section*  
18          *401(a) or to a plan that consists of individual*  
19          *retirement accounts described in section 408 (in-*  
20          *cluding by reason of subsection (c) thereof),*  
21          *whichever is applicable, shall be made in the*  
22          *same manner as would be made without regard*  
23          *to paragraph (1).*

24          “(3) *POOLED PLAN PROVIDER.—*

1           “(A) *IN GENERAL.*—For purposes of this  
2 subsection, the term ‘pooled plan provider’  
3 means, with respect to any plan, a person who—

4                   “(i) is designated by the terms of the  
5 plan as a named fiduciary (within the  
6 meaning of section 402(a)(2) of the Em-  
7 ployee Retirement Income Security Act of  
8 1974), as the plan administrator, and as  
9 the person responsible to perform all admin-  
10 istrative duties (including conducting prop-  
11 er testing with respect to the plan and the  
12 employees of each employer in the plan)  
13 which are reasonably necessary to ensure  
14 that—

15                   “(I) the plan meets any require-  
16 ment applicable under the Employee  
17 Retirement Income Security Act of  
18 1974 or this title to a plan described in  
19 section 401(a) or to a plan that con-  
20 sists of individual retirement accounts  
21 described in section 408 (including by  
22 reason of subsection (c) thereof), which-  
23 ever is applicable, and

24                   “(II) each employer in the plan  
25 takes such actions as the Secretary or

1           *such person determines are necessary*  
2           *for the plan to meet the requirements*  
3           *described in subclause (I), including*  
4           *providing to such person any disclo-*  
5           *sures or other information which the*  
6           *Secretary may require or which such*  
7           *person otherwise determines are nec-*  
8           *essary to administer the plan or to*  
9           *allow the plan to meet such require-*  
10          *ments,*

11          “(ii) registers as a pooled plan pro-  
12          vider with the Secretary, and provides such  
13          other information to the Secretary as the  
14          Secretary may require, before beginning op-  
15          erations as a pooled plan provider,

16          “(iii) acknowledges in writing that  
17          such person is a named fiduciary (within  
18          the meaning of section 402(a)(2) of the Em-  
19          ployee Retirement Income Security Act of  
20          1974), and the plan administrator, with re-  
21          spect to the plan, and

22          “(iv) is responsible for ensuring that  
23          all persons who handle assets of, or who are  
24          fiduciaries of, the plan are bonded in ac-



1                   *cordance with section 412 of the Employee*  
2                   *Retirement Income Security Act of 1974.*

3                   “(B) *AUDITS, EXAMINATIONS AND INVES-*  
4                   *TIGATIONS.—The Secretary may perform audits,*  
5                   *examinations, and investigations of pooled plan*  
6                   *providers as may be necessary to enforce and*  
7                   *carry out the purposes of this subsection.*

8                   “(C) *AGGREGATION RULES.—For purposes*  
9                   *of this paragraph, in determining whether a per-*  
10                  *son meets the requirements of this paragraph to*  
11                  *be a pooled plan provider with respect to any*  
12                  *plan, all persons who perform services for the*  
13                  *plan and who are treated as a single employer*  
14                  *under subsection (b), (c), (m), or (o) of section*  
15                  *414 shall be treated as one person.*

16                  “(D) *TREATMENT OF EMPLOYERS AS PLAN*  
17                  *SPONSORS.—Except with respect to the adminis-*  
18                  *trative duties of the pooled plan provider de-*  
19                  *scribed in subparagraph (A)(i), each employer in*  
20                  *a plan which has a pooled plan provider shall*  
21                  *be treated as the plan sponsor with respect to the*  
22                  *portion of the plan attributable to employees of*  
23                  *such employer (or beneficiaries of such employ-*  
24                  *ees).*

1           “(4) *GUIDANCE.*—*The Secretary shall issue such*  
2 *guidance as the Secretary determines appropriate to*  
3 *carry out this subsection, including guidance—*

4                   “(A) *to identify the administrative duties*  
5 *and other actions required to be performed by a*  
6 *pooled plan provider under this subsection,*

7                   “(B) *which describes the procedures to be*  
8 *taken to terminate a plan which fails to meet the*  
9 *requirements to be a plan described in para-*  
10 *graph (1), including the proper treatment of,*  
11 *and actions needed to be taken by, any employer*  
12 *in the plan and the assets and liabilities of the*  
13 *plan attributable to employees of such employer*  
14 *(or beneficiaries of such employees), and*

15                   “(C) *identifying appropriate cases to which*  
16 *the rules of paragraph (2)(A) will apply to em-*  
17 *ployers in the plan failing to take the actions de-*  
18 *scribed in paragraph (1).*

19           *The Secretary shall take into account under subpara-*  
20 *graph (C) whether the failure of an employer or*  
21 *pooled plan provider to provide any disclosures or*  
22 *other information, or to take any other action, nec-*  
23 *essary to administer a plan or to allow a plan to*  
24 *meet requirements applicable to the plan under sec-*  
25 *tion 401(a) or 408, whichever is applicable, has con-*

1 *tinued over a period of time that demonstrates a lack*  
2 *of commitment to compliance.*

3 “(5) *MODEL PLAN.*—*The Secretary shall publish*  
4 *model plan language which meets the requirements of*  
5 *this subsection and of paragraphs (43) and (44) of*  
6 *section 3 of the Employee Retirement Income Security*  
7 *Act of 1974 and which may be adopted in order for*  
8 *a plan to be treated as a plan described in paragraph*  
9 *(1)(B).”.*

10 (2) *CONFORMING AMENDMENT.*—*Section*  
11 *413(c)(2) of such Code is amended by striking “sec-*  
12 *tion 401(a)” and inserting “sections 401(a) and*  
13 *408(c).”.*

14 (3) *TECHNICAL AMENDMENT.*—*Section 408(c) of*  
15 *such Code is amended by inserting after paragraph*  
16 *(2) the following new paragraph:*

17 “(3) *There is a separate accounting for any in-*  
18 *terest of an employee or member (or spouse of an em-*  
19 *ployee or member) in a Roth IRA.”.*

20 (b) *NO COMMON INTEREST REQUIRED FOR POOLED*  
21 *EMPLOYER PLANS.*—*Section 3(2) of the Employee Retire-*  
22 *ment Income Security Act of 1974 (29 U.S.C. 1002(2)) is*  
23 *amended by adding at the end the following:*

24 “(C) *A pooled employer plan shall be treat-*  
25 *ed as—*

1                   “(i) a single employee pension benefit  
2                   plan or single pension plan; and

3                   “(ii) a plan to which section 210(a)  
4                   applies.”.

5           (c) *POOLED EMPLOYER PLAN AND PROVIDER DE-*  
6 *FINED.*—

7                   (1) *IN GENERAL.*—Section 3 of the *Employee Re-*  
8 *tirement Income Security Act of 1974 (29 U.S.C.*  
9 *1002)* is amended by adding at the end the following:

10                   “(43) *POOLED EMPLOYER PLAN.*—

11                   “(A) *IN GENERAL.*—The term ‘pooled em-  
12                   ployer plan’ means a plan—

13                   “(i) which is an individual account  
14                   plan established or maintained for the pur-  
15                   pose of providing benefits to the employees  
16                   of 2 or more employers;

17                   “(ii) which is a plan described in sec-  
18                   tion 401(a) of the *Internal Revenue Code of*  
19 *1986* which includes a trust exempt from  
20 *tax under section 501(a) of such Code* or a  
21 *plan that consists of individual retirement*  
22 *accounts described in section 408 of such*  
23 *Code (including by reason of subsection (c)*  
24 *thereof); and*

1           “(iii) the terms of which meet the re-  
2           quirements of subparagraph (B).

3           *Such term shall not include a plan maintained*  
4           *by employers which have a common interest*  
5           *other than having adopted the plan.*

6           “(B) REQUIREMENTS FOR PLAN TERMS.—  
7           *The requirements of this subparagraph are met*  
8           *with respect to any plan if the terms of the*  
9           *plan—*

10           “(i) designate a pooled plan provider  
11           and provide that the pooled plan provider is  
12           a named fiduciary of the plan;

13           “(ii) designate one or more trustees  
14           meeting the requirements of section  
15           408(a)(2) of the Internal Revenue Code of  
16           1986 (other than an employer in the plan)  
17           to be responsible for collecting contributions  
18           to, and holding the assets of, the plan and  
19           require such trustees to implement written  
20           contribution collection procedures that are  
21           reasonable, diligent, and systematic;

22           “(iii) provide that each employer in  
23           the plan retains fiduciary responsibility  
24           for—

1           “(I) the selection and monitoring  
2           in accordance with section 404(a) of  
3           the person designated as the pooled  
4           plan provider and any other person  
5           who, in addition to the pooled plan  
6           provider, is designated as a named fi-  
7           diciary of the plan; and

8           “(II) to the extent not otherwise  
9           delegated to another fiduciary by the  
10          pooled plan provider and subject to the  
11          provisions of section 404(c), the invest-  
12          ment and management of the portion  
13          of the plan’s assets attributable to the  
14          employees of the employer (or bene-  
15          ficiaries of such employees);

16          “(iv) provide that employers in the  
17          plan, and participants and beneficiaries,  
18          are not subject to unreasonable restrictions,  
19          fees, or penalties with regard to ceasing  
20          participation, receipt of distributions, or  
21          otherwise transferring assets of the plan in  
22          accordance with section 208 or paragraph  
23          (44)(C)(i)(II);

24          “(v) require—

1           “(I) the pooled plan provider to  
2           provide to employers in the plan any  
3           disclosures or other information which  
4           the Secretary may require, including  
5           any disclosures or other information to  
6           facilitate the selection or any moni-  
7           toring of the pooled plan provider by  
8           employers in the plan; and

9           “(II) each employer in the plan to  
10          take such actions as the Secretary or  
11          the pooled plan provider determines  
12          are necessary to administer the plan or  
13          for the plan to meet any requirement  
14          applicable under this Act or the Inter-  
15          nal Revenue Code of 1986 to a plan de-  
16          scribed in section 401(a) of such Code  
17          or to a plan that consists of individual  
18          retirement accounts described in sec-  
19          tion 408 of such Code (including by  
20          reason of subsection (c) thereof), which-  
21          ever is applicable, including providing  
22          any disclosures or other information  
23          which the Secretary may require or  
24          which the pooled plan provider other-  
25          wise determines are necessary to ad-

1           *minister the plan or to allow the plan*  
2           *to meet such requirements; and*

3           “(vi) *provide that any disclosure or*  
4           *other information required to be provided*  
5           *under clause (v) may be provided in elec-*  
6           *tronic form and will be designed to ensure*  
7           *only reasonable costs are imposed on pooled*  
8           *plan providers and employers in the plan.*

9           “(C) *EXCEPTIONS.—The term ‘pooled em-*  
10          *ployer plan’ does not include—*

11           “(i) *a multiemployer plan; or*

12           “(ii) *a plan established before the date*  
13          *of the enactment of the Family Savings Act*  
14          *of 2018 unless the plan administrator elects*  
15          *that the plan will be treated as a pooled em-*  
16          *ployer plan and the plan meets the require-*  
17          *ments of this title applicable to a pooled*  
18          *employer plan established on or after such*  
19          *date.*

20          “(D) *TREATMENT OF EMPLOYERS AS PLAN*  
21          *SPONSORS.—Except with respect to the adminis-*  
22          *trative duties of the pooled plan provider de-*  
23          *scribed in paragraph (44)(A)(i), each employer*  
24          *in a pooled employer plan shall be treated as the*  
25          *plan sponsor with respect to the portion of the*



1           *plan attributable to employees of such employer*  
2           *(or beneficiaries of such employees).*

3           “(44) *POOLED PLAN PROVIDER.*—

4                   “(A) *IN GENERAL.*—*The term ‘pooled plan*  
5           *provider’ means a person who—*

6                           “(i) *is designated by the terms of a*  
7                           *pooled employer plan as a named fiduciary,*  
8                           *as the plan administrator, and as the per-*  
9                           *son responsible for the performance of all*  
10                           *administrative duties (including conducting*  
11                           *proper testing with respect to the plan and*  
12                           *the employees of each employer in the plan)*  
13                           *which are reasonably necessary to ensure*  
14                           *that—*

15                                   “(I) *the plan meets any require-*  
16                                   *ment applicable under this Act or the*  
17                                   *Internal Revenue Code of 1986 to a*  
18                                   *plan described in section 401(a) of*  
19                                   *such Code or to a plan that consists of*  
20                                   *individual retirement accounts de-*  
21                                   *scribed in section 408 of such Code (in-*  
22                                   *cluding by reason of subsection (c)*  
23                                   *thereof), whichever is applicable; and*

24                                   “(II) *each employer in the plan*  
25                                   *takes such actions as the Secretary or*

1           *pooled plan provider determines are*  
2           *necessary for the plan to meet the re-*  
3           *quirements described in subclause (I),*  
4           *including providing the disclosures and*  
5           *information described in paragraph*  
6           *(43)(B)(v)(II);*

7           *“(ii) registers as a pooled plan pro-*  
8           *vider with the Secretary, and provides to*  
9           *the Secretary such other information as the*  
10          *Secretary may require, before beginning op-*  
11          *erations as a pooled plan provider;*

12          *“(iii) acknowledges in writing that*  
13          *such person is a named fiduciary, and the*  
14          *plan administrator, with respect to the*  
15          *pooled employer plan; and*

16          *“(iv) is responsible for ensuring that*  
17          *all persons who handle assets of, or who are*  
18          *fiduciaries of, the pooled employer plan are*  
19          *bonded in accordance with section 412.*

20          *“(B) AUDITS, EXAMINATIONS AND INVES-*  
21          *TIGATIONS.—The Secretary may perform audits,*  
22          *examinations, and investigations of pooled plan*  
23          *providers as may be necessary to enforce and*  
24          *carry out the purposes of this paragraph and*  
25          *paragraph (43).*

1           “(C) *GUIDANCE.*—*The Secretary shall issue*  
2 *such guidance as the Secretary determines ap-*  
3 *propriate to carry out this paragraph and para-*  
4 *graph (43), including guidance—*

5                   “(i) *to identify the administrative du-*  
6 *ties and other actions required to be per-*  
7 *formed by a pooled plan provider under ei-*  
8 *ther such paragraph; and*

9                   “(ii) *which requires in appropriate*  
10 *cases that if an employer in the plan fails*  
11 *to take the actions required under subpara-*  
12 *graph (A)(i)(II)—*

13                   “(I) *the assets of the plan attrib-*  
14 *utable to employees of such employer*  
15 *(or beneficiaries of such employees) are*  
16 *transferred to a plan maintained only*  
17 *by such employer (or its successor), to*  
18 *an eligible retirement plan as defined*  
19 *in section 402(c)(8)(B) of the Internal*  
20 *Revenue Code of 1986 for each indi-*  
21 *vidual whose account is transferred, or*  
22 *to any other arrangement that the Sec-*  
23 *retary determines is appropriate in*  
24 *such guidance; and*

1                   “(II) such employer (and not the  
2                   plan with respect to which the failure  
3                   occurred or any other employer in such  
4                   plan) shall, except to the extent pro-  
5                   vided in such guidance, be liable for  
6                   any liabilities with respect to such  
7                   plan attributable to employees of such  
8                   employer (or beneficiaries of such em-  
9                   ployees).

10                   *The Secretary shall take into account under*  
11                   *clause (ii) whether the failure of an employer or*  
12                   *pooled plan provider to provide any disclosures*  
13                   *or other information, or to take any other action,*  
14                   *necessary to administer a plan or to allow a*  
15                   *plan to meet requirements described in subpara-*  
16                   *graph (A)(i)(II) has continued over a period of*  
17                   *time that demonstrates a lack of commitment to*  
18                   *compliance. The Secretary may waive the re-*  
19                   *quirements of subclause (ii)(I) in appropriate*  
20                   *circumstances if the Secretary determines it is in*  
21                   *the best interests of the employees of the employer*  
22                   *referred to in such clause (and the beneficiaries*  
23                   *of such employees) to retain the assets in the*  
24                   *plan with respect to which the employer’s failure*  
25                   *occurred.*

1           “(D) *AGGREGATION RULES.*—For purposes  
2           of this paragraph, in determining whether a per-  
3           son meets the requirements of this paragraph to  
4           be a pooled plan provider with respect to any  
5           plan, all persons who perform services for the  
6           plan and who are treated as a single employer  
7           under subsection (b), (c), (m), or (o) of section  
8           414 of the Internal Revenue Code of 1986 shall  
9           be treated as one person.”.

10           (2) *BONDING REQUIREMENTS FOR POOLED EM-*  
11           *PLOYER PLANS.*—The last sentence of section 412(a)  
12           of the Employee Retirement Income Security Act of  
13           1974 (29 U.S.C. 1112(a)) is amended by inserting  
14           “or in the case of a pooled employer plan (as defined  
15           in section 3(43))” after “section 407(d)(1)”.

16           (3) *CONFORMING AND TECHNICAL AMEND-*  
17           *MENTS.*—Section 3 of the Employee Retirement In-  
18           come Security Act of 1974 (29 U.S.C. 1002) is  
19           amended—

20                   (A) in paragraph (16)(B)—

21                           (i) by striking “or” at the end of clause

22                           (ii); and

23                           (ii) by striking the period at the end  
24                           and inserting “, or (iv) in the case of a

1                   *pooled employer plan, the pooled plan pro-*  
 2                   *vider.”; and*

3                   *(B) by striking the second paragraph (41).*

4           *(d) POOLED EMPLOYER AND MULTIPLE EMPLOYER*  
 5 *PLAN REPORTING.—*

6                   *(1) ADDITIONAL INFORMATION.—Section 103 of*  
 7 *the Employee Retirement Income Security Act of*  
 8 *1974 (29 U.S.C. 1023) is amended—*

9                   *(A) in subsection (a)(1)(B), by striking*  
 10                   *“applicable subsections (d), (e), and (f)” and in-*  
 11                   *serting “applicable subsections (d), (e), (f), and*  
 12                   *(g)”;* and

13                   *(B) by amending subsection (g) to read as*  
 14                   *follows:*

15           *“(g) ADDITIONAL INFORMATION WITH RESPECT TO*  
 16 *POOLED EMPLOYER AND MULTIPLE EMPLOYER PLANS.—*  
 17 *An annual report under this section for a plan year shall*  
 18 *include—*

19                   *“(1) with respect to any plan to which section*  
 20                   *210(a) applies (including a pooled employer plan), a*  
 21                   *list of employers in the plan, a good faith estimate of*  
 22                   *the percentage of total contributions made by such*  
 23                   *employers during the plan year, and the aggregate ac-*  
 24                   *count balances attributable to each employer in the*  
 25                   *plan (determined as the sum of the account balances*

1 of the employees of such employer (and the bene-  
2 ficiaries of such employees)); and

3 “(2) with respect to a pooled employer plan, the  
4 identifying information for the person designated  
5 under the terms of the plan as the pooled plan pro-  
6 vider.”.

7 (2) *SIMPLIFIED ANNUAL REPORTS.*—Section  
8 104(a) of the *Employee Retirement Income Security*  
9 *Act of 1974 (29 U.S.C. 1024(a))* is amended by strik-  
10 *ing paragraph (2)(A) and inserting the following:*

11 “(2)(A) *With respect to annual reports required*  
12 *to be filed with the Secretary under this part, the Sec-*  
13 *retary may by regulation prescribe simplified annual*  
14 *reports for any pension plan that—*

15 “(i) *covers fewer than 100 participants; or*

16 “(ii) *is a plan described in section 210(a)*  
17 *that covers fewer than 1,000 participants, but*  
18 *only if no single employer in the plan has 100*  
19 *or more participants covered by the plan.”.*

20 (e) *EFFECTIVE DATE.*—

21 (1) *IN GENERAL.*—*The amendments made by*  
22 *this section shall apply to plan years beginning after*  
23 *December 31, 2019.*

24 (2) *RULE OF CONSTRUCTION.*—*Nothing in the*  
25 *amendments made by subsection (a) shall be con-*

1 *strued as limiting the authority of the Secretary of*  
2 *the Treasury or the Secretary's delegate (determined*  
3 *without regard to such amendments) to provide for*  
4 *the proper treatment of a failure to meet any require-*  
5 *ment applicable under the Internal Revenue Code of*  
6 *1986 with respect to one employer (and its employees)*  
7 *in a multiple employer plan.*

8 **SEC. 102. RULES RELATING TO ELECTION OF SAFE HARBOR**  
9 **401(k) STATUS.**

10 *(a) LIMITATION OF ANNUAL SAFE HARBOR NOTICE TO*  
11 *MATCHING CONTRIBUTION PLANS.—*

12 *(1) IN GENERAL.—Section 401(k)(12)(A) of the*  
13 *Internal Revenue Code of 1986 is amended by strik-*  
14 *ing “if such arrangement” and all that follows and*  
15 *inserting “if such arrangement—*

16 *“(i) meets the contribution require-*  
17 *ments of subparagraph (B) and the notice*  
18 *requirements of subparagraph (D), or*

19 *“(ii) meets the contribution require-*  
20 *ments of subparagraph (C).”.*

21 *(2) AUTOMATIC CONTRIBUTION ARRANGE-*  
22 *MENTS.—Section 401(k)(13)(B) of such Code is*  
23 *amended by striking “means” and all that follows*  
24 *and inserting “means a cash or deferred arrange-*  
25 *ment—*



1           “(i) which is described in subpara-  
2           graph (D)(i)(I) and meets the applicable re-  
3           quirements of subparagraphs (C) through  
4           (E), or

5           “(ii) which is described in subpara-  
6           graph (D)(i)(II) and meets the applicable  
7           requirements of subparagraphs (C) and  
8           (D).”.

9           (b)       NONELECTIVE       CONTRIBUTIONS.—Section  
10       401(k)(12) of such Code is amended by redesignating sub-  
11       paragraph (F) as subparagraph (G), and by inserting after  
12       subparagraph (E) the following new subparagraph:

13                       “(F) TIMING OF PLAN AMENDMENT FOR EM-  
14       PLOYER    MAKING    NONELECTIVE    CONTRIBU-  
15       TIONS.—

16                       “(i) IN GENERAL.—Except as provided  
17       in clause (ii), a plan may be amended after  
18       the beginning of a plan year to provide that  
19       the requirements of subparagraph (C) shall  
20       apply to the arrangement for the plan year,  
21       but only if the amendment is adopted—

22                       “(I) at any time before the 30th  
23       day before the close of the plan year, or

24                       “(II) at any time before the last  
25       day under paragraph (8)(A) for dis-

1                   *tributing excess contributions for the*  
2                   *plan year.*

3                   “(ii) *EXCEPTION WHERE PLAN PRO-*  
4                   *VIDED FOR MATCHING CONTRIBUTIONS.—*  
5                   *Clause (i) shall not apply to any plan year*  
6                   *if the plan provided at any time during the*  
7                   *plan year that the requirements of subpara-*  
8                   *graph (B) or paragraph (13)(D)(i)(I) ap-*  
9                   *plied to the plan year.*

10                   “(iii) *4-PERCENT CONTRIBUTION RE-*  
11                   *QUIREMENT.—Clause (i)(II) shall not apply*  
12                   *to an arrangement unless the amount of the*  
13                   *contributions described in subparagraph (C)*  
14                   *which the employer is required to make*  
15                   *under the arrangement for the plan year*  
16                   *with respect to any employee is an amount*  
17                   *equal to at least 4 percent of the employee’s*  
18                   *compensation.”.*

19                   (c) *AUTOMATIC CONTRIBUTION ARRANGEMENTS.—*  
20                   *Section 401(k)(13) of such Code is amended by adding at*  
21                   *the end the following:*

22                   “(F) *TIMING OF PLAN AMENDMENT FOR EM-*  
23                   *PLOYER MAKING NONELECTIVE CONTRIBU-*  
24                   *TIONS.—*

1           “(i) *IN GENERAL.*—*Except as provided*  
2           *in clause (ii), a plan may be amended after*  
3           *the beginning of a plan year to provide that*  
4           *the requirements of subparagraph (D)(i)(II)*  
5           *shall apply to the arrangement for the plan*  
6           *year, but only if the amendment is adopt-*  
7           *ed—*

8                     “(I) *at any time before the 30th*  
9                     *day before the close of the plan year, or*

10                    “(II) *at any time before the last*  
11                    *day under paragraph (8)(A) for dis-*  
12                    *tributing excess contributions for the*  
13                    *plan year.*

14           “(ii) *EXCEPTION WHERE PLAN PRO-*  
15           *VIDED FOR MATCHING CONTRIBUTIONS.*—  
16           *Clause (i) shall not apply to any plan year*  
17           *if the plan provided at any time during the*  
18           *plan year that the requirements of subpara-*  
19           *graph (D)(i)(I) or paragraph (12)(B) ap-*  
20           *plied to the plan year.*

21           “(iii) *4-PERCENT CONTRIBUTION RE-*  
22           *QUIREMENT.*—*Clause (i)(II) shall not apply*  
23           *to an arrangement unless the amount of the*  
24           *contributions described in subparagraph*  
25           *(D)(i)(II) which the employer is required to*



1 paragraph (4) and by redesignating paragraphs (5), (6),  
2 and (7) as paragraphs (4), (5), and (6), respectively.

3 (c) *EFFECTIVE DATE.*—The amendments made by this  
4 section shall apply to contributions made for taxable years  
5 beginning after December 31, 2018.

6 **SEC. 105. QUALIFIED EMPLOYER PLANS PROHIBITED FROM**  
7 **MAKING LOANS THROUGH CREDIT CARDS**  
8 **AND OTHER SIMILAR ARRANGEMENTS.**

9 (a) *IN GENERAL.*—Section 72(p)(2) of the Internal  
10 Revenue Code of 1986 is amended by redesignating sub-  
11 paragraph (D) as subparagraph (E) and by inserting after  
12 subparagraph (C) the following new subparagraph:

13 “(D) *PROHIBITION OF LOANS THROUGH*  
14 *CREDIT CARDS AND OTHER SIMILAR ARRANGE-*  
15 *MENTS.*—Notwithstanding subparagraph (A),  
16 paragraph (1) shall apply to any loan which is  
17 made through the use of any credit card or any  
18 other similar arrangement.”.

19 (b) *EFFECTIVE DATE.*—The amendments made by sub-  
20 section (a) shall apply to loans made after the date of the  
21 enactment of this Act.

1 **SEC. 106. PORTABILITY OF LIFETIME INCOME INVEST-**  
2 **MENTS.**

3 (a) *IN GENERAL.*—Section 401(a) of the Internal Rev-  
4 enue Code of 1986 is amended by inserting after paragraph  
5 (37) the following new paragraph:

6 “(38) *PORTABILITY OF LIFETIME INCOME IN-*  
7 *VESTMENTS.*—

8 “(A) *IN GENERAL.*—Except as may be oth-  
9 erwise provided by regulations, a trust forming  
10 part of a defined contribution plan shall not be  
11 treated as failing to constitute a qualified trust  
12 under this section solely by reason of allowing—

13 “(i) *qualified distributions of a life-*  
14 *time income investment, or*

15 “(ii) *distributions of a lifetime income*  
16 *investment in the form of a qualified plan*  
17 *distribution annuity contract,*

18 *on or after the date that is 90 days prior to the*  
19 *date on which such lifetime income investment is*  
20 *no longer authorized to be held as an investment*  
21 *option under the plan.*

22 “(B) *DEFINITIONS.*—For purposes of this  
23 *subsection—*

24 “(i) *the term ‘qualified distribution’*  
25 *means a direct trustee-to-trustee transfer de-*  
26 *scribed in paragraph (31)(A) to an eligible*

1           retirement plan (as defined in section  
2           402(c)(8)(B)),

3           “(ii) the term ‘lifetime income invest-  
4           ment’ means an investment option which is  
5           designed to provide an employee with elec-  
6           tion rights—

7                   “(I) which are not uniformly  
8                   available with respect to other invest-  
9                   ment options under the plan, and

10                   “(II) which are to a lifetime in-  
11                   come feature available through a con-  
12                   tract or other arrangement offered  
13                   under the plan (or under another eligi-  
14                   ble retirement plan (as so defined), if  
15                   paid by means of a direct trustee-to-  
16                   trustee transfer described in paragraph  
17                   (31)(A) to such other eligible retire-  
18                   ment plan),

19           “(iii) the term ‘lifetime income feature’  
20           means—

21                   “(I) a feature which guarantees a  
22                   minimum level of income annually (or  
23                   more frequently) for at least the re-  
24                   mainder of the life of the employee or

1           *the joint lives of the employee and the*  
2           *employee’s designated beneficiary, or*

3                   “(II) *an annuity payable on be-*  
4           *half of the employee under which pay-*  
5           *ments are made in substantially equal*  
6           *periodic payments (not less frequently*  
7           *than annually) over the life of the em-*  
8           *ployee or the joint lives of the employee*  
9           *and the employee’s designated bene-*  
10           *ficiary, and*

11                   “(iv) *the term ‘qualified plan distribu-*  
12           *tion annuity contract’ means an annuity*  
13           *contract purchased for a participant and*  
14           *distributed to the participant by a plan or*  
15           *contract described in subparagraph (B) of*  
16           *section 402(c)(8) (without regard to clauses*  
17           *(i) and (ii) thereof).”.*

18           ***(b) CASH OR DEFERRED ARRANGEMENT.—***

19                   ***(1) IN GENERAL.—****Section 401(k)(2)(B)(i) of*  
20           *such Code is amended by striking “or” at the end of*  
21           *subclause (IV), by striking “and” at the end of sub-*  
22           *clause (V) and inserting “or”, and by adding at the*  
23           *end the following new subclause:*

24                           “(VI) *except as may be otherwise*  
25           *provided by regulations, with respect to*



1                    *amounts invested in a lifetime income*  
2                    *investment (as defined in subsection*  
3                    *(a)(38)(B)(ii)), the date that is 90*  
4                    *days prior to the date that such life-*  
5                    *time income investment may no longer*  
6                    *be held as an investment option under*  
7                    *the arrangement, and”.*

8                    (2) *DISTRIBUTION REQUIREMENT.*—*Section*  
9                    *401(k)(2)(B) of such Code, as amended by paragraph*  
10                    *(1), is amended by striking “and” at the end of clause*  
11                    *(i), by striking the semicolon at the end of clause (ii)*  
12                    *and inserting “, and”, and by adding at the end the*  
13                    *following new clause:*

14                    *“(iii) except as may be otherwise pro-*  
15                    *vided by regulations, in the case of amounts*  
16                    *described in clause (i)(VI), will be distrib-*  
17                    *uted only in the form of a qualified dis-*  
18                    *tribution (as defined in subsection*  
19                    *(a)(38)(B)(i)) or a qualified plan distribu-*  
20                    *tion annuity contract (as defined in sub-*  
21                    *section (a)(38)(B)(iv)),”.*

22                    (c) *SECTION 403(b) PLANS.*—

23                    (1) *ANNUITY CONTRACTS.*—*Section 403(b)(11) of*  
24                    *such Code is amended by striking “or” at the end of*  
25                    *subparagraph (B), by striking the period at the end*

1 of subparagraph (C) and inserting “, or”, and by in-  
2 sserting after subparagraph (C) the following new sub-  
3 paragraph:

4 “(D) except as may be otherwise provided  
5 by regulations, with respect to amounts invested  
6 in a lifetime income investment (as defined in  
7 section 401(a)(38)(B)(ii))—

8 “(i) on or after the date that is 90  
9 days prior to the date that such lifetime in-  
10 come investment may no longer be held as  
11 an investment option under the contract,  
12 and

13 “(ii) in the form of a qualified dis-  
14 tribution (as defined in section  
15 401(a)(38)(B)(i)) or a qualified plan dis-  
16 tribution annuity contract (as defined in  
17 section 401(a)(38)(B)(iv)).”.

18 (2) CUSTODIAL ACCOUNTS.—Section  
19 403(b)(7)(A) of such Code is amended by striking  
20 “if—” and all that follows and inserting “if the  
21 amounts are to be invested in regulated investment  
22 company stock to be held in that custodial account,  
23 and under the custodial account—

24 “(i) no such amounts may be paid or  
25 made available to any distributee (unless

1            *such amount is a distribution to which sec-*  
2            *tion 72(t)(2)(G) applies) before—*

3            *“(I) the employee dies,*

4            *“(II) the employee attains age*  
5            *59<sup>1</sup>/<sub>2</sub>,*

6            *“(III) the employee has a sever-*  
7            *ance from employment,*

8            *“(IV) the employee becomes dis-*  
9            *abled (within the meaning of section*  
10           *72(m)(7)),*

11           *“(V) in the case of contributions*  
12           *made pursuant to a salary reduction*  
13           *agreement (within the meaning of sec-*  
14           *tion 3121(a)(5)(D)), the employee en-*  
15           *counters financial hardship, or*

16           *“(VI) except as may be otherwise*  
17           *provided by regulations, with respect to*  
18           *amounts invested in a lifetime income*  
19           *investment (as defined in section*  
20           *401(a)(38)(B)(ii)), the date that is 90*  
21           *days prior to the date that such life-*  
22           *time income investment may no longer*  
23           *be held as an investment option under*  
24           *the contract, and*

1           “(ii) in the case of amounts described  
2           in clause (i)(VI), such amounts will be dis-  
3           tributed only in the form of a qualified dis-  
4           tribution (as defined in section  
5           401(a)(38)(B)(i)) or a qualified plan dis-  
6           tribution annuity contract (as defined in  
7           section 401(a)(38)(B)(iv)).”.

8           (d) *ELIGIBLE DEFERRED COMPENSATION PLANS.*—

9           (1) *IN GENERAL.*—Section 457(d)(1)(A) of such  
10          Code is amended by striking “or” at the end of clause  
11          (ii), by inserting “or” at the end of clause (iii), and  
12          by adding after clause (iii) the following:

13                 “(iv) except as may be otherwise pro-  
14                 vided by regulations, in the case of a plan  
15                 maintained by an employer described in  
16                 subsection (e)(1)(A), with respect to  
17                 amounts invested in a lifetime income in-  
18                 vestment (as defined in section  
19                 401(a)(38)(B)(ii)), the date that is 90 days  
20                 prior to the date that such lifetime income  
21                 investment may no longer be held as an in-  
22                 vestment option under the plan,”.

23           (2) *DISTRIBUTION REQUIREMENT.*—Section  
24          457(d)(1) of such Code is amended by striking “and”  
25          at the end of subparagraph (B), by striking the period

1       at the end of subparagraph (C) and inserting “,  
2       and”, and by inserting after subparagraph (C) the  
3       following new subparagraph:

4               “(D) except as may be otherwise provided  
5               by regulations, in the case of amounts described  
6               in subparagraph (A)(iv), such amounts will be  
7               distributed only in the form of a qualified dis-  
8               tribution (as defined in section 401(a)(38)(B)(i))  
9               or a qualified plan distribution annuity contract  
10              (as defined in section 401(a)(38)(B)(iv)).”.

11       (e) *EFFECTIVE DATE.*—The amendments made by this  
12       section shall apply to plan years beginning after December  
13       31, 2018.

14       **SEC. 107. TREATMENT OF CUSTODIAL ACCOUNTS ON TER-**  
15               **MINATION OF SECTION 403(b) PLANS.**

16       (a) *IN GENERAL.*—Section 403(b)(7) of the Internal  
17       Revenue Code of 1986 is amended by adding at the end  
18       the following:

19               “(D) *TREATMENT OF CUSTODIAL ACCOUNT*  
20               *UPON PLAN TERMINATION.*—

21                       “(i) *IN GENERAL.*—If—

22                               “(I) an employer terminates the  
23                               plan under which amounts are contrib-  
24                               uted to a custodial account under sub-  
25                               paragraph (A), and

1                   “(II) *the person holding the assets*  
2                   *of the account has demonstrated to the*  
3                   *satisfaction of the Secretary under sec-*  
4                   *tion 408(a)(2) that the person is quali-*  
5                   *fied to be a trustee of an individual re-*  
6                   *tirement plan,*  
7                   *then, as of the date of the termination, the*  
8                   *custodial account shall be deemed to be an*  
9                   *individual retirement plan for purposes of*  
10                  *this title.*

11                  “(ii) *TREATMENT AS ROTH IRA.—Any*  
12                  *custodial account treated as an individual*  
13                  *retirement plan under clause (i) shall be*  
14                  *treated as a Roth IRA only if the custodial*  
15                  *account was a designated Roth account.”.*

16                  “(b) *EFFECTIVE DATE.—The amendment made by this*  
17                  *section shall apply to plan terminations occurring after De-*  
18                  *cember 31, 2018.*

19                  **SEC. 108. CLARIFICATION OF RETIREMENT INCOME AC-**  
20                  **COUNT RULES RELATING TO CHURCH-CON-**  
21                  **TROLLED ORGANIZATIONS.**

22                  “(a) *IN GENERAL.—Section 403(b)(9)(B) of the Inter-*  
23                  *nal Revenue Code of 1986 is amended by inserting “(includ-*  
24                  *ing an employee described in section 414(e)(3)(B))” after*  
25                  *“employee described in paragraph (1)”.*

1           (b) *EFFECTIVE DATE.*—*The amendment made by this*  
2 *section shall apply to plan years beginning after December*  
3 *31, 2008.*

4 **SEC. 109. EXEMPTION FROM REQUIRED MINIMUM DIS-**  
5 **TRIBUTION RULES FOR INDIVIDUALS WITH**  
6 **CERTAIN ACCOUNT BALANCES.**

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

10                   “(H) *EXCEPTION FROM REQUIRED MINIMUM*  
11 *DISTRIBUTIONS DURING LIFE OF EMPLOYEE*  
12 *WHERE ASSETS DO NOT EXCEED \$50,000.*—

13                           “(i) *IN GENERAL.*—*If on the last day*  
14 *of any calendar year the aggregate value of*  
15 *an employee’s entire interest under all ap-*  
16 *plicable eligible retirement plans does not*  
17 *exceed \$50,000, then the requirements of*  
18 *subparagraph (A) with respect to any dis-*  
19 *tribution relating to such year shall not*  
20 *apply with respect to such employee.*

21                           “(ii) *APPLICABLE ELIGIBLE RETIRE-*  
22 *MENT PLAN.*—*For purposes of this subpara-*  
23 *graph, the term ‘applicable eligible retire-*  
24 *ment plan’ means an eligible retirement*

1            *plan (as defined in section 402(c)(8)(B))*  
2            *other than a defined benefit plan.*

3            “(iii) *LIMIT ON REQUIRED MINIMUM*  
4            *DISTRIBUTION.—The required minimum*  
5            *distribution determined under subpara-*  
6            *graph (A) for an employee under all appli-*  
7            *cable eligible retirement plans shall not ex-*  
8            *ceed an amount equal to the excess of—*

9            “(I) *the aggregate value of an em-*  
10           *ployee’s entire interest under such*  
11           *plans on the last day of the calendar*  
12           *year to which such distribution relates,*  
13           *over*

14           “(II) *the dollar amount in effect*  
15           *under clause (i) for such calendar year.*

16           *The Secretary in regulations or other guid-*  
17           *ance may provide how such amount shall be*  
18           *distributed in the case of an individual*  
19           *with more than one applicable eligible re-*  
20           *tirement plan.*

21           “(iv) *INFLATION ADJUSTMENT.—In the*  
22           *case of any calendar year beginning after*  
23           *2019, the \$50,000 amount in clause (i) shall*  
24           *be increased by an amount equal to—*



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

3           “(II) the cost of living adjustment  
4           determined under section 1(f)(3) for  
5           the calendar year, determined by sub-  
6           stituting ‘calendar year 2018’ for ‘cal-  
7           endar year 2016’ in subparagraph  
8           (A)(ii) thereof.

9           Any increase determined under this clause  
10          shall be rounded to the next lowest multiple  
11          of \$5,000.

12          “(v) *PLAN ADMINISTRATOR RELIANCE*  
13          *ON EMPLOYEE CERTIFICATION.*—An appli-  
14          cable eligible retirement plan described in  
15          clause (iii), (iv), (v), or (vi) of section  
16          402(c)(8)(B) shall not be treated as failing  
17          to meet the requirements of this paragraph  
18          in the case of any failure to make a re-  
19          quired minimum distribution for a cal-  
20          endar year if—

21          “(I) the aggregate value of an em-  
22          ployee’s entire interest under all appli-  
23          cable eligible retirement plans of the  
24          employer on the last day of the cal-  
25          endar year to which such distribution

1                   relates does not exceed the dollar  
2                   amount in effect for such year under  
3                   clause (i), and

4                   “(II) the employee certifies that  
5                   the aggregate value of the employee’s  
6                   entire interest under all applicable eli-  
7                   gible retirement plans on the last day  
8                   of the calendar year to which such dis-  
9                   tribution relates did not exceed the dol-  
10                  lar amount in effect for such year  
11                  under clause (i).

12                  “(vi) *AGGREGATION RULE.*—All em-  
13                  ployers treated as a single employer under  
14                  subsection (b), (c), (m), or (o) of section 414  
15                  shall be treated as a single employer for  
16                  purposes of clause (v).”.

17                  (b) *PLAN ADMINISTRATOR REPORTING.*—Section 6047  
18                  of such Code is amended by redesignating subsection (h)  
19                  as subsection (i) and by inserting after subsection (g) the  
20                  following new subsection:

21                  “(h) *ACCOUNT BALANCE FOR PARTICIPANTS WHO*  
22                  *HAVE ATTAINED AGE 69.*—

23                  “(1) *IN GENERAL.*—Not later than January 31  
24                  of each year, the plan administrator (as defined in  
25                  section 414(g)) of each applicable eligible retirement

1        *plan (as defined in section 401(a)(9)(H)) shall make*  
2        *a return to the Secretary with respect to each partici-*  
3        *part of such plan who has attained age 69 as of the*  
4        *end of the preceding calendar year which states—*

5                *“(A) the name and plan number of the*  
6                *plan,*

7                *“(B) the name and address of the plan ad-*  
8                *ministrator,*

9                *“(C) the name, address, and taxpayer iden-*  
10                *tification number of the participant, and*

11                *“(D) the account balance of such partici-*  
12                *pant as of the end of the preceding calendar*  
13                *year.*

14                *“(2) STATEMENT FURNISHED TO PARTICIPANT.—*  
15        *Every person required to make a return under para-*  
16        *graph (1) with respect to a participant shall furnish*  
17        *a copy of such return to such participant.*

18                *“(3) APPLICATION TO INDIVIDUAL RETIREMENT*  
19        *PLANS AND ANNUITIES.—In the case of an applicable*  
20        *eligible retirement plan described in clause (i) or (ii)*  
21        *of section 402(c)(8)(B)—*

22                *“(A) any reference in this subsection to the*  
23                *plan administrator shall be treated as a ref-*  
24                *erence to the trustee or issuer, as the case may*  
25                *be, and*

1           “(B) any reference in this subsection to the  
2           participant shall be treated as a reference to the  
3           individual for whom such account or annuity is  
4           maintained.”.

5           (c) *EFFECTIVE DATE.*—The amendments made by this  
6           section shall apply to distributions required to be made in  
7           calendar years beginning more than 120 days after the date  
8           of the enactment of this Act.

9           **SEC. 110. CLARIFICATION OF TREATMENT OF CERTAIN RE-**  
10                           **TIREMENT PLAN CONTRIBUTIONS PICKED UP**  
11                           **BY GOVERNMENTAL EMPLOYERS FOR NEW OR**  
12                           **EXISTING EMPLOYEES.**

13           (a) *IN GENERAL.*—Section 414(h)(2) of the Internal  
14           Revenue Code of 1986 is amended—

15                   (1) by striking “For purposes of paragraph (1)”  
16           and inserting the following:

17                           “(A) *IN GENERAL.*—For purposes of para-  
18                           graph (1)”, and

19                   (2) by adding at the end the following new sub-  
20           paragraph:

21                           “(B) *TREATMENT OF ELECTIONS BETWEEN*  
22                           *ALTERNATIVE BENEFIT FORMULAS.*—For pur-  
23                           poses of subparagraph (A), a contribution shall  
24                           not fail to be treated as picked up by an employ-  
25                           ing unit merely because the employee may make

1           *an irrevocable election between the application of*  
2           *two alternative benefit formulas involving the*  
3           *same or different levels of employee contribu-*  
4           *tions.”.*

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

8           **SEC. 111. ELECTIVE DEFERRALS BY MEMBERS OF THE**  
9                           **READY RESERVE OF A RESERVE COMPONENT**  
10                          **OF THE ARMED FORCES.**

11           **(a) IN GENERAL.**—*Section 402(g) of the Internal Rev-*  
12           *enue Code of 1986 is amended by adding at the end the*  
13           *following new paragraph:*

14                        **“(9) ELECTIVE DEFERRALS BY MEMBERS OF**  
15                        **READY RESERVE.—**

16                            **“(A) IN GENERAL.**—*In the case of a quali-*  
17                            *fied ready reservist for any taxable year, the lim-*  
18                            *itations of subparagraphs (A) and (C) of para-*  
19                            *graph (1) shall be applied separately with re-*  
20                            *spect to—*

21                                    **“(i) elective deferrals of such qualified**  
22                                    *ready reservist with respect to compensation*  
23                                    *described in subparagraph (B), and*

24    **“(ii) all other elective deferrals of such**  
25    *qualified ready reservist.*

1           “(B) *QUALIFIED READY RESERVIST*.—For  
 2           purposes of this paragraph, the term ‘qualified  
 3           ready reservist’ means any individual for any  
 4           taxable year if such individual received com-  
 5           pensation for service as a member of the Ready  
 6           Reserve of a reserve component (as defined in  
 7           section 101 of title 37, United States Code) dur-  
 8           ing such taxable year.”.

9           (b) *EFFECTIVE DATE*.—The amendment made by this  
 10          section shall apply to plan years beginning after December  
 11          31, 2018.

## 12           **TITLE II—ADMINISTRATIVE** 13           **IMPROVEMENTS**

### 14          **SEC. 201. PLAN ADOPTED BY FILING DUE DATE FOR YEAR** 15                               **MAY BE TREATED AS IN EFFECT AS OF CLOSE** 16                               **OF YEAR.**

17          (a) *IN GENERAL*.—Section 401(b) of the Internal Rev-  
 18          enue Code of 1986 is amended—

19               (1) by striking “*RETROACTIVE CHANGES IN*  
 20               *PLAN*.—A stock bonus” and inserting “*PLAN AMEND-*  
 21               *MENTS*.—

22               “(1) *CERTAIN RETROACTIVE CHANGES IN*  
 23               *PLAN*.—A stock bonus”, and

24               (2) by adding at the end the following new para-  
 25               graph:

1           “(2) *ADOPTION OF PLAN.*—*If an employer adopts*  
2           *a stock bonus, pension, profit-sharing, or annuity*  
3           *plan after the close of a taxable year but before the*  
4           *time prescribed by law for filing the employer’s re-*  
5           *turn of tax for the taxable year (including extensions*  
6           *thereof), the employer may elect to treat the plan as*  
7           *having been adopted as of the last day of the taxable*  
8           *year.”.*

9           **(b) *EFFECTIVE DATE.***—*The amendments made by this*  
10          *section shall apply to plans adopted for taxable years begin-*  
11          *ning after December 31, 2018.*

12          **SEC. 202. MODIFICATION OF NONDISCRIMINATION RULES**  
13                                **TO PROTECT OLDER, LONGER SERVICE PAR-**  
14                                **TICIPANTS.**

15          **(a) *IN GENERAL.***—*Section 401 of the Internal Revenue*  
16          *Code of 1986 is amended—*

17                        **(1)** *by redesignating subsection (o) as subsection*  
18                        **(p), and**

19                        **(2)** *by inserting after subsection (n) the following*  
20                        *new subsection:*

21                        **“(o) SPECIAL RULES FOR APPLYING NONDISCRIMINA-**  
22                        **TION RULES TO PROTECT OLDER, LONGER SERVICE AND**  
23                        **GRANDFATHERED PARTICIPANTS.**—

24                                **“(1) TESTING OF DEFINED BENEFIT PLANS WITH**  
25                                **CLOSED CLASSES OF PARTICIPANTS.**—

1           “(A) *BENEFITS, RIGHTS, OR FEATURES*  
2           *PROVIDED TO CLOSED CLASSES.—A defined ben-*  
3           *efit plan which provides benefits, rights, or fea-*  
4           *tures to a closed class of participants shall not*  
5           *fail to satisfy the requirements of subsection*  
6           *(a)(4) by reason of the composition of such closed*  
7           *class or the benefits, rights, or features provided*  
8           *to such closed class, if—*

9                   “(i) *for the plan year as of which the*  
10                  *class closes and the 2 succeeding plan years,*  
11                  *such benefits, rights, and features satisfy the*  
12                  *requirements of subsection (a)(4) (without*  
13                  *regard to this subparagraph but taking into*  
14                  *account the rules of subparagraph (I)),*

15                   “(ii) *after the date as of which the*  
16                  *class was closed, any plan amendment*  
17                  *which modifies the closed class or the bene-*  
18                  *fits, rights, and features provided to such*  
19                  *closed class does not discriminate signifi-*  
20                  *cantly in favor of highly compensated em-*  
21                  *ployees, and*

22                   “(iii) *the class was closed before April*  
23                  *5, 2017, or the plan is described in sub-*  
24                  *paragraph (C).*



1           “(B) *AGGREGATE TESTING WITH DEFINED*  
2           *CONTRIBUTION PLANS PERMITTED ON A BENE-*  
3           *FITS BASIS.—*

4                   “(i) *IN GENERAL.—For purposes of de-*  
5                   *termining compliance with subsection (a)(4)*  
6                   *and section 410(b), a defined benefit plan*  
7                   *described in clause (iii) may be aggregated*  
8                   *and tested on a benefits basis with 1 or*  
9                   *more defined contribution plans, including*  
10                   *with the portion of 1 or more defined con-*  
11                   *tribution plans which—*

12                           “(I) *provides matching contribu-*  
13                           *tions (as defined in subsection*  
14                           *(m)(4)(A)),*

15                           “(II) *provides annuity contracts*  
16                           *described in section 403(b) which are*  
17                           *purchased with matching contributions*  
18                           *or nonelective contributions, or*

19                           “(III) *consists of an employee*  
20                           *stock ownership plan (within the*  
21                           *meaning of section 4975(e)(7)) or a tax*  
22                           *credit employee stock ownership plan*  
23                           *(within the meaning of section 409(a)).*

24                   “(ii) *SPECIAL RULES FOR MATCHING*  
25                   *CONTRIBUTIONS.—For purposes of clause*

1           *(i), if a defined benefit plan is aggregated*  
2           *with a portion of a defined contribution*  
3           *plan providing matching contributions—*

4                   “(I) *such defined benefit plan*  
5                   *must also be aggregated with any por-*  
6                   *tion of such defined contribution plan*  
7                   *which provides elective deferrals de-*  
8                   *scribed in subparagraph (A) or (C) of*  
9                   *section 402(g)(3), and*

10                   “(II) *such matching contributions*  
11                   *shall be treated in the same manner as*  
12                   *nonelective contributions, including for*  
13                   *purposes of applying the rules of sub-*  
14                   *section (l).*

15                   “(iii) *PLANS DESCRIBED.—A defined*  
16           *benefit plan is described in this clause if—*

17                   “(I) *the plan provides benefits to*  
18                   *a closed class of participants,*

19                   “(II) *for the plan year as of which*  
20                   *the class closes and the 2 succeeding*  
21                   *plan years, the plan satisfies the re-*  
22                   *quirements of section 410(b) and sub-*  
23                   *section (a)(4) (without regard to this*  
24                   *subparagraph but taking into account*  
25                   *the rules of subparagraph (I)),*

1           “(III) after the date as of which  
2           the class was closed, any plan amend-  
3           ment which modifies the closed class or  
4           the benefits provided to such closed  
5           class does not discriminate signifi-  
6           cantly in favor of highly compensated  
7           employees, and

8           “(IV) the class was closed before  
9           April 5, 2017, or the plan is described  
10          in subparagraph (C).

11          “(C) *PLANS DESCRIBED.*—A plan is de-  
12          scribed in this subparagraph if, taking into ac-  
13          count any predecessor plan—

14               “(i) such plan has been in effect for at  
15               least 5 years as of the date the class is  
16               closed, and

17               “(ii) during the 5-year period pre-  
18               ceding the date the class is closed, there has  
19               not been a substantial increase in the cov-  
20               erage or value of the benefits, rights, or fea-  
21               tures described in subparagraph (A) or in  
22               the coverage or benefits under the plan de-  
23               scribed in subparagraph (B)(iii) (whichever  
24               is applicable).

1           “(D) *DETERMINATION OF SUBSTANTIAL IN-*  
2           *CREASE FOR BENEFITS, RIGHTS, AND FEA-*  
3           *TURES.—In applying subparagraph (C)(ii) for*  
4           *purposes of subparagraph (A)(iii), a plan shall*  
5           *be treated as having had a substantial increase*  
6           *in coverage or value of the benefits, rights, or fea-*  
7           *tures described in subparagraph (A) during the*  
8           *applicable 5-year period only if, during such pe-*  
9           *riod—*

10                   “(i) *the number of participants covered*  
11                   *by such benefits, rights, or features on the*  
12                   *date such period ends is more than 50 per-*  
13                   *cent greater than the number of such par-*  
14                   *ticipants on the first day of the plan year*  
15                   *in which such period began, or*

16                   “(ii) *such benefits, rights, and features*  
17                   *have been modified by 1 or more plan*  
18                   *amendments in such a way that, as of the*  
19                   *date the class is closed, the value of such*  
20                   *benefits, rights, and features to the closed*  
21                   *class as a whole is substantially greater*  
22                   *than the value as of the first day of such 5-*  
23                   *year period, solely as a result of such*  
24                   *amendments.*

1           “(E) DETERMINATION OF SUBSTANTIAL IN-  
2           CREASE FOR AGGREGATE TESTING ON BENEFITS  
3           BASIS.—In applying subparagraph (C)(ii) for  
4           purposes of subparagraph (B)(iii)(IV), a plan  
5           shall be treated as having had a substantial in-  
6           crease in coverage or benefits during the applica-  
7           ble 5-year period only if, during such period—

8                   “(i) the number of participants benefit-  
9                   ting under the plan on the date such period  
10                  ends is more than 50 percent greater than  
11                  the number of such participants on the first  
12                  day of the plan year in which such period  
13                  began, or

14                  “(ii) the average benefit provided to  
15                  such participants on the date such period  
16                  ends is more than 50 percent greater than  
17                  the average benefit provided on the first day  
18                  of the plan year in which such period  
19                  began.

20           “(F) CERTAIN EMPLOYEES DIS-  
21           REGARDED.—For purposes of subparagraphs (D)  
22           and (E), any increase in coverage or value or in  
23           coverage or benefits, whichever is applicable,  
24           which is attributable to such coverage and value  
25           or coverage and benefits provided to employees—

1           “(i) who became participants as a re-  
2           sult of a merger, acquisition, or similar  
3           event which occurred during the 7-year pe-  
4           riod preceding the date the class is closed, or

5           “(ii) who became participants by rea-  
6           son of a merger of the plan with another  
7           plan which had been in effect for at least 5  
8           years as of the date of the merger,

9           shall be disregarded, except that clause (ii) shall  
10          apply for purposes of subparagraph (D) only if,  
11          under the merger, the benefits, rights, or features  
12          under 1 plan are conformed to the benefits,  
13          rights, or features of the other plan prospectively.

14          “(G) RULES RELATING TO AVERAGE BEN-  
15          EFIT.—For purposes of subparagraph (E)—

16               “(i) the average benefit provided to  
17               participants under the plan will be treated  
18               as having remained the same between the 2  
19               dates described in subparagraph (E)(ii) if  
20               the benefit formula applicable to such par-  
21               ticipants has not changed between such  
22               dates, and

23               “(ii) if the benefit formula applicable  
24               to 1 or more participants under the plan  
25               has changed between such 2 dates, then the

1           *average benefit under the plan shall be con-*  
2           *sidered to have increased by more than 50*  
3           *percent only if—*

4                   “(I) *the total amount determined*  
5                   *under section 430(b)(1)(A)(i) for all*  
6                   *participants benefitting under the plan*  
7                   *for the plan year in which the 5-year*  
8                   *period described in subparagraph (E)*  
9                   *ends, exceeds*

10                   “(II) *the total amount determined*  
11                   *under section 430(b)(1)(A)(i) for all*  
12                   *such participants for such plan year,*  
13                   *by using the benefit formula in effect*  
14                   *for each such participant for the first*  
15                   *plan year in such 5-year period, by*  
16                   *more than 50 percent.*

17           *In the case of a CSEC plan (as defined in*  
18           *section 414(y)), the normal cost of the plan*  
19           *(as determined under section 433(j)(1)(B))*  
20           *shall be used in lieu of the amount deter-*  
21           *mined under section 430(b)(1)(A)(i).*

22                   “(H) *TREATMENT AS SINGLE PLAN.—For*  
23           *purposes of subparagraphs (E) and (G), a plan*  
24           *described in section 413(c) shall be treated as a*

1           *single plan rather than as separate plans main-*  
2           *tained by each employer in the plan.*

3           “(I) *SPECIAL RULES.—For purposes of sub-*  
4           *paragraphs (A)(i) and (B)(iii)(II), the following*  
5           *rules shall apply:*

6                     “(i) *In applying section 410(b)(6)(C),*  
7                     *the closing of the class of participants shall*  
8                     *not be treated as a significant change in*  
9                     *coverage under section 410(b)(6)(C)(i)(II).*

10                    “(ii) *2 or more plans shall not fail to*  
11                    *be eligible to be aggregated and treated as*  
12                    *a single plan solely by reason of having dif-*  
13                    *ferent plan years.*

14                    “(iii) *Changes in the employee popu-*  
15                    *lation shall be disregarded to the extent at-*  
16                    *tributable to individuals who become em-*  
17                    *ployees or cease to be employees, after the*  
18                    *date the class is closed, by reason of a merg-*  
19                    *er, acquisition, divestiture, or similar event.*

20                    “(iv) *Aggregation and all other testing*  
21                    *methodologies otherwise applicable under*  
22                    *subsection (a)(4) and section 410(b) may be*  
23                    *taken into account.*

24            *The rule of clause (ii) shall also apply for pur-*  
25            *poses of determining whether plans to which sub-*



1 paragraph (B)(i) applies may be aggregated and  
 2 treated as 1 plan for purposes of determining  
 3 whether such plans meet the requirements of sub-  
 4 section (a)(4) and section 410(b).

5 “(J) SPUN-OFF PLANS.—For purposes of  
 6 this paragraph, if a portion of a defined benefit  
 7 plan described in subparagraph (A) or (B)(iii)  
 8 is spun off to another employer and the spun-off  
 9 plan continues to satisfy the requirements of—

10 “(i) subparagraph (A)(i) or  
 11 (B)(iii)(II), whichever is applicable, if the  
 12 original plan was still within the 3-year pe-  
 13 riod described in such subparagraph at the  
 14 time of the spin off, and

15 “(ii) subparagraph (A)(ii) or  
 16 (B)(iii)(III), whichever is applicable,

17 the treatment under subparagraph (A) or (B) of  
 18 the spun-off plan shall continue with respect to  
 19 such other employer.

20 “(2) TESTING OF DEFINED CONTRIBUTION  
 21 PLANS.—

22 “(A) TESTING ON A BENEFITS BASIS.—A  
 23 defined contribution plan shall be permitted to  
 24 be tested on a benefits basis if—

1           “(i) such defined contribution plan  
2 provides make-whole contributions to a  
3 closed class of participants whose accruals  
4 under a defined benefit plan have been re-  
5 duced or eliminated,

6           “(ii) for the plan year of the defined  
7 contribution plan as of which the class eli-  
8 gible to receive such make-whole contribu-  
9 tions closes and the 2 succeeding plan years,  
10 such closed class of participants satisfies the  
11 requirements of section 410(b)(2)(A)(i) (de-  
12 termined by applying the rules of para-  
13 graph (1)(I)),

14           “(iii) after the date as of which the  
15 class was closed, any plan amendment to  
16 the defined contribution plan which modi-  
17 fies the closed class or the allocations, bene-  
18 fits, rights, and features provided to such  
19 closed class does not discriminate signifi-  
20 cantly in favor of highly compensated em-  
21 ployees, and

22           “(iv) the class was closed before April  
23 5, 2017, or the defined benefit plan under  
24 clause (i) is described in paragraph (1)(C)

1           *(as applied for purposes of paragraph*  
2           *(1)(B)(iii)(IV)).*

3           “(B) *AGGREGATION WITH PLANS INCLUDING*  
4           *MATCHING CONTRIBUTIONS.—*

5                   “(i) *IN GENERAL.—With respect to 1*  
6                   *or more defined contribution plans de-*  
7                   *scribed in subparagraph (A), for purposes of*  
8                   *determining compliance with subsection*  
9                   *(a)(4) and section 410(b), the portion of*  
10                   *such plans which provides make-whole con-*  
11                   *tributions or other nonelective contributions*  
12                   *may be aggregated and tested on a benefits*  
13                   *basis with the portion of 1 or more other de-*  
14                   *defined contribution plans which—*

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

18                           “(II) *provides annuity contracts*  
19                           *described in section 403(b) which are*  
20                           *purchased with matching contributions*  
21                           *or nonelective contributions, or*

22                           “(III) *consists of an employee*  
23                           *stock ownership plan (within the*  
24                           *meaning of section 4975(e)(7)) or a tax*

1                   *credit employee stock ownership plan*  
2                   *(within the meaning of section 409(a)).*

3                   “(i) *SPECIAL RULES FOR MATCHING*  
4                   *CONTRIBUTIONS.—Rules similar to the rules*  
5                   *of paragraph (1)(B)(i) shall apply for pur-*  
6                   *poses of clause (i).*

7                   “(C) *SPECIAL RULES FOR TESTING DE-*  
8                   *FINED CONTRIBUTION PLAN FEATURES PRO-*  
9                   *VIDING MATCHING CONTRIBUTIONS TO CERTAIN*  
10                  *OLDER, LONGER SERVICE PARTICIPANTS.—In the*  
11                  *case of a defined contribution plan which pro-*  
12                  *vides benefits, rights, or features to a closed class*  
13                  *of participants whose accruals under a defined*  
14                  *benefit plan have been reduced or eliminated, the*  
15                  *plan shall not fail to satisfy the requirements of*  
16                  *subsection (a)(4) solely by reason of the composi-*  
17                  *tion of the closed class or the benefits, rights, or*  
18                  *features provided to such closed class if the de-*  
19                  *defined contribution plan and defined benefit plan*  
20                  *otherwise meet the requirements of subparagraph*  
21                  *(A) but for the fact that the make-whole con-*  
22                  *tributions under the defined contribution plan*  
23                  *are made in whole or in part through matching*  
24                  *contributions.*

1           “(D) *SPUN-OFF PLANS.*—For purposes of  
2 this paragraph, if a portion of a defined con-  
3 tribution plan described in subparagraph (A) or  
4 (C) is spun off to another employer, the treat-  
5 ment under subparagraph (A) or (C) of the  
6 spun-off plan shall continue with respect to the  
7 other employer if such plan continues to comply  
8 with the requirements of clauses (ii) (if the origi-  
9 nal plan was still within the 3-year period de-  
10 scribed in such clause at the time of the spin off)  
11 and (iii) of subparagraph (A), as determined for  
12 purposes of subparagraph (A) or (C), whichever  
13 is applicable.

14           “(3) *DEFINITIONS.*—For purposes of this sub-  
15 section—

16           “(A) *MAKE-WHOLE CONTRIBUTIONS.*—Ex-  
17 cept as otherwise provided in paragraph (2)(C),  
18 the term ‘make-whole contributions’ means non-  
19 elective allocations for each employee in the class  
20 which are reasonably calculated, in a consistent  
21 manner, to replace some or all of the retirement  
22 benefits which the employee would have received  
23 under the defined benefit plan and any other  
24 plan or qualified cash or deferred arrangement  
25 under subsection (k)(2) if no change had been

1           *made to such defined benefit plan and such other*  
2           *plan or arrangement. For purposes of the pre-*  
3           *ceding sentence, consistency shall not be required*  
4           *with respect to employees who were subject to dif-*  
5           *ferent benefit formulas under the defined benefit*  
6           *plan.*

7           “(B) *REFERENCES TO CLOSED CLASS OF*  
8           *PARTICIPANTS.—References to a closed class of*  
9           *participants and similar references to a closed*  
10           *class shall include arrangements under which 1*  
11           *or more classes of participants are closed, except*  
12           *that 1 or more classes of participants closed on*  
13           *different dates shall not be aggregated for pur-*  
14           *poses of determining the date any such class was*  
15           *closed.*

16           “(C) *HIGHLY COMPENSATED EMPLOYEE.—*  
17           *The term ‘highly compensated employee’ has the*  
18           *meaning given such term in section 414(q).”.*

19           (b)     *PARTICIPATION       REQUIREMENTS.—Section*  
20           *401(a)(26) of such Code is amended by adding at the end*  
21           *the following new subparagraph:*

22           “(I) *PROTECTED PARTICIPANTS.—*

23           “(i) *IN GENERAL.—A plan shall be*  
24           *deemed to satisfy the requirements of sub-*  
25           *paragraph (A) if—*

1 “(I) the plan is amended—

2 “(aa) to cease all benefit ac-  
3 cruals, or

4 “(bb) to provide future ben-  
5 efit accruals only to a closed class  
6 of participants,

7 “(II) the plan satisfies subpara-  
8 graph (A) (without regard to this sub-  
9 paragraph) as of the effective date of  
10 the amendment, and

11 “(III) the amendment was adopt-  
12 ed before April 5, 2017, or the plan is  
13 described in clause (ii).

14 “(ii) *PLANS DESCRIBED.*—A plan is  
15 described in this clause if the plan would be  
16 described in subsection (o)(1)(C), as applied  
17 for purposes of subsection (o)(1)(B)(iii)(IV)  
18 and by treating the effective date of the  
19 amendment as the date the class was closed  
20 for purposes of subsection (o)(1)(C).

21 “(iii) *SPECIAL RULES.*—For purposes  
22 of clause (i)(II), in applying section  
23 410(b)(6)(C), the amendments described in  
24 clause (i) shall not be treated as a signifi-

1           cant change in coverage under section  
2           410(b)(6)(C)(i)(II).

3           “(iv) *SPUN-OFF PLANS*.—For purposes  
4           of this subparagraph, if a portion of a plan  
5           described in clause (i) is spun off to another  
6           employer, the treatment under clause (i) of  
7           the spun-off plan shall continue with respect  
8           to the other employer.”.

9           (c) *EFFECTIVE DATE*.—

10           (1) *IN GENERAL*.—Except as provided in para-  
11           graph (2), the amendments made by this section shall  
12           take effect on the date of the enactment of this Act,  
13           without regard to whether any plan modifications re-  
14           ferred to in such amendments are adopted or effective  
15           before, on, or after such date of enactment.

16           (2) *SPECIAL RULES*.—

17           (A) *ELECTION OF EARLIER APPLICATION*.—

18           At the election of the plan sponsor, the amend-  
19           ments made by this section shall apply to plan  
20           years beginning after December 31, 2013.

21           (B) *CLOSED CLASSES OF PARTICIPANTS*.—

22           For purposes of paragraphs (1)(A)(iii),  
23           (1)(B)(iii)(IV), and (2)(A)(iv) of section 401(o)  
24           of the Internal Revenue Code of 1986 (as added  
25           by this section), a closed class of participants



1           *shall be treated as being closed before April 5,*  
2           *2017, if the plan sponsor's intention to create*  
3           *such closed class is reflected in formal written*  
4           *documents and communicated to participants be-*  
5           *fore such date.*

6           (C)    *CERTAIN    POST-ENACTMENT    PLAN*  
7           *AMENDMENTS.—A plan shall not be treated as*  
8           *failing to be eligible for the application of section*  
9           *401(o)(1)(A), 401(o)(1)(B)(iii), or 401(a)(26) of*  
10           *such Code (as added by this section) to such plan*  
11           *solely because in the case of—*

12                   (i) *such section 401(o)(1)(A), the plan*  
13                   *was amended before the date of the enact-*  
14                   *ment of this Act to eliminate 1 or more ben-*  
15                   *efits, rights, or features, and is further*  
16                   *amended after such date of enactment to*  
17                   *provide such previously eliminated benefits,*  
18                   *rights, or features to a closed class of par-*  
19                   *ticipants, or*

20                   (ii) *such section 401(o)(1)(B)(iii) or*  
21                   *section 401(a)(26), the plan was amended*  
22                   *before the date of the enactment of this Act*  
23                   *to cease all benefit accruals, and is further*  
24                   *amended after such date of enactment to*  
25                   *provide benefit accruals to a closed class of*

1                    *participants. Any such section shall only*  
2                    *apply if the plan otherwise meets the re-*  
3                    *quirements of such section and in applying*  
4                    *such section, the date the class of partici-*  
5                    *pants is closed shall be the effective date of*  
6                    *the later amendment.*

7    **SEC. 203. STUDY OF APPROPRIATE PBGC PREMIUMS.**

8            *(a) IN GENERAL.—The Pension Benefit Guaranty*  
9            *Corporation (hereafter in this section referred to as “the*  
10           *Corporation”)* shall enter into a contract with an appro-  
11           *priate agency or organization to conduct an independent*  
12           *study of the Corporation’s Single Employer Pension Insur-*  
13           *ance Modeling System.*

14           *(b) SELECTION OF INDEPENDENT ORGANIZATION.—*  
15           *The appropriate agency or organization referred to in sub-*  
16           *section (a) shall be selected by the Board of Directors of*  
17           *the Corporation. Such agency or organization shall be the*  
18           *Social Security Administration or any other agency or or-*  
19           *ganization that such Board determines is independent from*  
20           *the Corporation and has the expertise to conduct the study*  
21           *described in this section.*

22           *(c) STUDY.—The independent study referred to in sub-*  
23           *section (a) shall begin not later than 6 months after the*  
24           *date of the enactment of this Act and shall—*

1           (1) *examine the current structure and level of*  
2           *premiums required to be paid by single employer*  
3           *plans (including fixed, variable and termination pre-*  
4           *miums) to the Corporation to evaluate whether such*  
5           *premiums are sufficient for the Corporation to pay*  
6           *the benefits guaranteed by the Corporation,*

7           (2) *evaluate whether there are alternative struc-*  
8           *tures and levels of premiums that would better ac-*  
9           *count for the risks posed by various categories of sin-*  
10          *gle employer plans, including on the basis of—*

11                   (A) *industry, ownership structure, or size of*  
12                   *the plan sponsor,*

13                   (B) *plan funded status, risk or volatility of*  
14                   *plan investments, or credit worthiness of the*  
15                   *plan sponsor, or*

16                   (C) *a combination of factors described in*  
17                   *subparagraphs (A) and (B),*

18           (3) *evaluate whether other methods of estimating*  
19           *the value of assets and liabilities should be used in the*  
20           *financial statements of the Corporation (including*  
21           *methods described in the report titled “The Risk Ex-*  
22           *posure of the Pension Benefit Guaranty Corporation”*  
23           *published by the Congressional Budget Office in Sep-*  
24           *tember 2005 and methods described in the report ti-*  
25           *tled “Options to Improve the Financial Condition of*

1 *the Pension Benefit Guaranty Corporation’s Multiem-*  
 2 *ployer Program” published by the Congressional*  
 3 *Budget Office in August 2016),*

4 (4) *evaluate whether multiple employer plans in*  
 5 *general, and multiple employer plans that are CSEC*  
 6 *plans (as defined in section 414(y) of the Internal*  
 7 *Revenue Code of 1986) in particular, have character-*  
 8 *istics that warrant a separate structure and level of*  
 9 *premiums, and*

10 (5) *include an explanation of the assumptions*  
 11 *underlying each analysis involved in conducting such*  
 12 *study.*

13 ***TITLE III—OTHER SAVINGS***  
 14 ***PROVISIONS***

15 ***SEC. 301. UNIVERSAL SAVINGS ACCOUNTS.***

16 (a) *IN GENERAL.—Subchapter F of chapter 1 of the*  
 17 *Internal Revenue Code of 1986 is amended by adding at*  
 18 *the end the following new part:*

19 ***“PART IX—UNIVERSAL SAVINGS ACCOUNTS***

*“Sec. 530U. Universal Savings Accounts.*

20 ***“SEC. 530U. UNIVERSAL SAVINGS ACCOUNTS.***

21 *“(a) GENERAL RULE.—A Universal Savings Account*  
 22 *shall be exempt from taxation under this subtitle. Notwith-*  
 23 *standing the preceding sentence, such account shall be sub-*  
 24 *ject to the taxes imposed by section 511 (relating to imposi-*

1 *tion of tax on unrelated business income of charitable orga-*  
2 *nizations).*

3       “(b) *UNIVERSAL SAVINGS ACCOUNT.*—*For purposes of*  
4 *this section, the term ‘Universal Savings Account’ means*  
5 *a trust created or organized in the United States by an*  
6 *individual for the exclusive benefit of such individual and*  
7 *which is designated (in such manner as the Secretary may*  
8 *prescribe) at the time of the establishment of the trust as*  
9 *a Universal Savings Account, but only if the written gov-*  
10 *erning instrument creating the trust meets the following re-*  
11 *quirements:*

12               “(1) *Except in the case of a qualified rollover*  
13 *contribution described in subsection (d)—*

14                       “(A) *no contribution will be accepted unless*  
15 *it is in cash, and*

16                       “(B) *contributions will not be accepted for*  
17 *the taxable year in excess of the contribution*  
18 *limit specified in subsection (c)(2).*

19               “(2) *No distribution will be made unless it is—*

20                       “(A) *cash, or*

21                       “(B) *property that—*

22                               “(i) *has a readily ascertainable fair*  
23 *market value, and*

1                   “(ii) is identified by the Secretary in  
2                   regulations or other guidance as property to  
3                   which this subparagraph applies.

4                   “(3) The trustee is a bank (as defined in section  
5                   408(n)) or another person who demonstrates to the  
6                   satisfaction of the Secretary that the manner in which  
7                   that person will administer the trust will be con-  
8                   sistent with the requirements of this section.

9                   “(4) No part of the trust assets will be invested  
10                  in life insurance contracts or collectibles (as defined  
11                  in section 408(m)).

12                  “(5) The interest of an individual in the balance  
13                  of his account is nonforfeitable.

14                  “(6) The assets of the trust shall not be commin-  
15                  gled with other property except in a common trust  
16                  fund or common investment fund.

17                  “(c) *TREATMENT OF DISTRIBUTIONS AND CONTRIBU-*  
18                  *TIONS.—*

19                  “(1) *DISTRIBUTIONS.—*

20                         “(A) *IN GENERAL.—*Except as provided in  
21                         subparagraph (B), any distribution from a Uni-  
22                         versal Savings Account shall not be includible in  
23                         gross income.

24                         “(B) *NET INCOME ATTRIBUTABLE TO EX-*  
25                         *CESS CONTRIBUTIONS.—*Any distribution of net

1           *income described in section 4973(i)(2) shall be*  
2           *includible in the gross income of the account*  
3           *holder in the taxable year in which the contribu-*  
4           *tion to which such net income relates was made.*

5           “(2) *CONTRIBUTION LIMIT.—*

6                   “(A) *IN GENERAL.—The aggregate amount*  
7                   *of contributions (other than qualified rollover*  
8                   *contributions described in subsection (d)) for any*  
9                   *taxable year to all Universal Savings Accounts*  
10                   *maintained for the benefit of an individual shall*  
11                   *not exceed the lesser of—*

12                           “(i) \$2,500, or

13                           “(ii) *an amount equal to the com-*  
14                           *ensation (within the meaning of section*  
15                           *219) includible in such individual’s gross*  
16                           *income for such taxable year.*

17                   “(B) *NO CONTRIBUTIONS FOR DEPEND-*  
18                   *ENTS.—In the case of an individual who is a de-*  
19                   *pendent of another taxpayer for a taxable year*  
20                   *beginning in the calendar year in which such in-*  
21                   *dividual’s taxable year begins, the dollar amount*  
22                   *under subparagraph (A) for such individual’s*  
23                   *taxable year shall be zero.*

24                   “(C) *SPECIAL RULE IN CASE OF JOINT RE-*  
25                   *TURN.—*

1           “(i) *IN GENERAL.*—*In the case of an*  
2           *individual to whom this clause applies, the*  
3           *amount determined under subparagraph*  
4           *(A)(ii) with respect to such individual for*  
5           *the taxable year shall not be less than an*  
6           *amount equal to the sum of—*

7                     “(I) *the compensation of such in-*  
8                     *dividual includible in gross income for*  
9                     *the taxable year, plus*

10                    “(II) *the compensation of such in-*  
11                    *dividual’s spouse includible in gross*  
12                    *income for the taxable year reduced*  
13                    *(but not below zero) by the amount*  
14                    *contributed for the taxable year to all*  
15                    *Universal Savings Accounts main-*  
16                    *tained for the benefit of such spouse.*

17           “(ii) *INDIVIDUAL TO WHOM CLAUSE (i)*  
18           *APPLIES.*—*Clause (i) shall apply to any in-*  
19           *dividual—*

20                    “(I) *who files a joint return for*  
21                    *the taxable year, and*

22                    “(II) *whose compensation includ-*  
23                    *ible in gross income for the taxable*  
24                    *year is less than the compensation of*



1                    *such individual's spouse includible in*  
2                    *gross income for the taxable year.*

3                    “(D) *COST-OF-LIVING ADJUSTMENT.*—*In the*  
4                    *case of any taxable year beginning in a calendar*  
5                    *year after 2019, the \$2,500 amount under sub-*  
6                    *paragraph (A)(i) shall be increased by an*  
7                    *amount equal to—*

8                    “(i) *such dollar amount, multiplied by*  
9                    “(ii) *the cost-of-living adjustment de-*  
10                    *termined under section 1(f)(3) for the cal-*  
11                    *endar year, determined by substituting ‘cal-*  
12                    *endar year 2018’ for ‘calendar year 2016’*  
13                    *in subparagraph (A)(ii) thereof.*

14                    *If any amount after adjustment under the pre-*  
15                    *ceding sentence is not a multiple of \$100, such*  
16                    *amount shall be rounded to the next lower mul-*  
17                    *tiple of \$100.*

18                    “(d) *QUALIFIED ROLLOVER CONTRIBUTION.*—*For*  
19                    *purposes of this section, the term ‘qualified rollover con-*  
20                    *tribution’ means a contribution to a Universal Savings Ac-*  
21                    *count from another such account of the same individual,*  
22                    *but only if such amount is contributed not later than the*  
23                    *60th day after the distribution from such other account.*

1       “(e) *TREATMENT OF ACCOUNT UPON DEATH.*—Upon  
2 *death of any account holder of a Universal Savings Ac-*  
3 *count—*

4               “(1) *SPOUSE.*—*In the case of the account hold-*  
5 *er’s surviving spouse acquiring such account holder’s*  
6 *interest in such account by reason of the death of the*  
7 *account holder, such account shall be treated as if the*  
8 *spouse were the account holder.*

9               “(2) *OTHER CASES.*—*In any other case—*

10                       “(A) *all amounts in such account shall be*  
11 *treated as distributed on the date of such indi-*  
12 *vidual’s death, and*

13                       “(B) *such account shall cease to be treated*  
14 *as a Universal Savings Account.*

15       “(f) *OTHER SPECIAL RULES.*—

16               “(1) *COMMUNITY PROPERTY LAWS.*—*This section*  
17 *shall be applied without regard to any community*  
18 *property laws.*

19               “(2) *LOSS OF TAXATION EXEMPTION OF ACCOUNT*  
20 *WHERE INDIVIDUAL ENGAGES IN PROHIBITED TRANS-*  
21 *ACTION; EFFECT OF PLEDGING ACCOUNT AS SECUR-*  
22 *ITY.*—*Rules similar to the rules of paragraphs (2)*  
23 *and (4) of section 408(e) shall apply to any Universal*  
24 *Savings Account.*

1       “(g) *REPORTS.*—*The trustee of a Universal Savings*  
2 *Account shall make such reports regarding such account to*  
3 *the Secretary and to the account holder with respect to con-*  
4 *tributions, distributions, and such other matters as the Sec-*  
5 *retary may require. Such reports shall be—*

6               “(1) *filed at such time and in such manner as*  
7 *the Secretary provides, and*

8               “(2) *furnished to account holders—*

9                       “(A) *not later than January 31 of the cal-*  
10 *endar year following the calendar year to which*  
11 *such reports relate, and*

12                      “(B) *in such manner as the Secretary pro-*  
13 *vides.”.*

14       (b) *TAX ON EXCESS CONTRIBUTIONS.*—

15               (1) *IN GENERAL.*—*Section 4973(a) of such Code*  
16 *is amended by striking “or” at the end of paragraph*  
17 *(5), by inserting “or” at the end of paragraph (6),*  
18 *and by inserting after paragraph (6) the following*  
19 *new paragraph:*

20                      “(7) *a Universal Savings Account (as defined in*  
21 *section 530U),”.*

22               (2) *EXCESS CONTRIBUTION.*—*Section 4973 of*  
23 *such Code is amended by adding at the end the fol-*  
24 *lowing new subsection:*

1       “(i) *EXCESS CONTRIBUTIONS TO UNIVERSAL SAVINGS*  
2 *ACCOUNTS.*—*For purposes of this section—*

3               “(1) *IN GENERAL.*—*In the case of Universal Sav-*  
4 *ings Accounts (within the meaning of section 530U),*  
5 *the term ‘excess contributions’ means the sum of—*

6                       “(A) *the amount (if any) by which the*  
7 *amount contributed for the taxable year to such*  
8 *accounts (other than qualified rollover contribu-*  
9 *tions (as defined in section 530U(d))) exceeds the*  
10 *contribution limit under section 530U(c)(2) for*  
11 *such taxable year, and*

12                       “(B) *the amount determined under this sub-*  
13 *section for the preceding taxable year, reduced by*  
14 *the sum of—*

15                               “(i) *the distributions out of the account*  
16 *for the taxable year, and*

17                               “(ii) *the amount (if any) by which the*  
18 *maximum amount allowable as a contribu-*  
19 *tion under section 530U(c)(2) for the tax-*  
20 *able year exceeds the amount contributed to*  
21 *the accounts for the taxable year.*

22               “(2) *SPECIAL RULE.*—*A contribution shall not*  
23 *be taken into account under paragraph (1) if such*  
24 *contribution (together with the amount of net income*  
25 *attributable to such contribution) is distributed to the*

1        *account holder on or before the due date of the ac-*  
2        *count holder's return of tax for such taxable year.”.*

3        (c) *TAX ON PROHIBITED TRANSACTIONS.*—Section  
4        *4975(e)(1) of such Code is amended by striking “or” at the*  
5        *end of subparagraph (F), by striking the period at the end*  
6        *of subparagraph (G) and inserting “, or”, and by adding*  
7        *at the end the following new subparagraph:*

8                    *“(H) a Universal Savings Account (as de-*  
9                    *finied in section 530U).”.*

10        (d) *FAILURE TO PROVIDE REPORTS ON UNIVERSAL*  
11        *SAVINGS ACCOUNTS.*—Section 6693(a)(2) of such Code is  
12        *amended by striking “and” at the end of subparagraph (E),*  
13        *by striking the period at the end of subparagraph (F) and*  
14        *inserting “, and”, and by inserting after subparagraph (F)*  
15        *the following new subparagraph:*

16                    *“(G) section 530U(g) (relating to Universal*  
17                    *Savings Accounts).”.*

18        (e) *CONFORMING AMENDMENT.*—The table of parts for  
19        *subchapter F of chapter 1 of such Code is amended by add-*  
20        *ing at the end the following new item:*

*“PART IX. UNIVERSAL SAVINGS ACCOUNTS”.*

21        (f) *EFFECTIVE DATE.*—The amendments made by this  
22        *section shall apply to taxable years beginning after Decem-*  
23        *ber 31, 2018.*

1 **SEC. 302. EXPANSION OF SECTION 529 PLANS.**

2       (a) *DISTRIBUTIONS FOR CERTAIN EXPENSES ASSOCI-*  
3 *ATED WITH REGISTERED APPRENTICESHIP PROGRAMS.*—  
4 *Section 529(c) of the Internal Revenue Code of 1986 is*  
5 *amended by adding at the end the following new paragraph:*

6               “(8) *TREATMENT OF CERTAIN EXPENSES ASSOCI-*  
7 *ATED WITH REGISTERED APPRENTICESHIP PRO-*  
8 *GRAMS.*—*Any reference in this subsection to the term*  
9 *‘qualified higher education expense’ shall include a*  
10 *reference to expenses for fees, books, supplies, and*  
11 *equipment required for the participation of a des-*  
12 *ignated beneficiary in an apprenticeship program*  
13 *registered and certified with the Secretary of Labor*  
14 *under section 1 of the National Apprenticeship Act*  
15 *(29 U.S.C. 50).”.*

16       (b) *DISTRIBUTIONS FOR CERTAIN HOMESCHOOLING*  
17 *EXPENSES.*—*Section 529(c)(7) of such Code is amended by*  
18 *striking “include a reference to” and all that follows and*  
19 *inserting “include a reference to—*

20               “(A) *expenses for tuition in connection with*  
21 *enrollment or attendance of a designated bene-*  
22 *ficiary at an elementary or secondary public,*  
23 *private, or religious school, and*

24               “(B) *expenses, with respect to a designated*  
25 *beneficiary, for—*

1                   “(i) *curriculum and curricular mate-*  
2                   *rials,*

3                   “(ii) *books or other instructional mate-*  
4                   *rials,*

5                   “(iii) *online educational materials,*

6                   “(iv) *tuition for tutoring or edu-*  
7                   *cational classes outside of the home (but*  
8                   *only if the tutor or class instructor is not*  
9                   *related (within the meaning of section*  
10                  *152(d)(2)) to the student),*

11                  “(v) *dual enrollment in an institution*  
12                  *of higher education, and*

13                  “(vi) *educational therapies for students*  
14                  *with disabilities,*

15                  *in connection with a homeschool (whether treated*  
16                  *as a homeschool or a private school for purposes*  
17                  *of applicable State law).”.*

18                  (c) *DISTRIBUTIONS FOR QUALIFIED EDUCATION LOAN*

19 *REPAYMENTS.—*

20                  (1) *IN GENERAL.—Section 529(c) of such Code,*  
21                  *as amended by subsection (a), is amended by adding*  
22                  *at the end the following new paragraph:*

23                  “(9) *TREATMENT OF QUALIFIED EDUCATION*  
24                  *LOAN REPAYMENTS.—*

1           “(A) *IN GENERAL.*—Any reference in this  
2 subsection to the term ‘qualified higher education  
3 expense’ shall include a reference to amounts  
4 paid as principal or interest on any qualified  
5 education loan (as defined in section 221(d)) of  
6 the designated beneficiary or a sibling of the des-  
7 ignated beneficiary.

8           “(B) *LIMITATION.*—The amount of distribu-  
9 tions treated as a qualified higher education ex-  
10 pense under this paragraph with respect to the  
11 loans of any individual shall not exceed \$10,000  
12 (reduced by the amount of distributions so treat-  
13 ed for all prior taxable years).

14           “(C) *SPECIAL RULES FOR SIBLINGS OF THE*  
15 *DESIGNATED BENEFICIARY.*—

16           “(i) *SEPARATE ACCOUNTING.*—For  
17 purposes of subparagraph (B) and sub-  
18 section (d), amounts treated as a qualified  
19 higher education expense with respect to the  
20 loans of a sibling of the designated bene-  
21 ficiary shall be taken into account with re-  
22 spect to such sibling and not with respect to  
23 such designated beneficiary.

24           “(ii) *SIBLING DEFINED.*—For purposes  
25 of this paragraph, the term ‘sibling’ means



1           *an individual who bears a relationship to*  
2           *the designated beneficiary which is de-*  
3           *scribed in section 152(d)(2)(B).”.*

4           (2) *COORDINATION WITH DEDUCTION FOR STU-*  
5           *DENT LOAN INTEREST.—Section 221(e)(1) of such*  
6           *Code is amended by adding at the end the following:*  
7           *“The deduction otherwise allowable under subsection*  
8           *(a) (prior to the application of subsection (b)) to the*  
9           *taxpayer for any taxable year shall be reduced (but*  
10           *not below zero) by so much of the distributions treated*  
11           *as a qualified higher education expense under section*  
12           *529(c)(9) with respect to loans of the taxpayer as*  
13           *would be includible in gross income under section*  
14           *529(c)(3)(A) for such taxable year but for such treat-*  
15           *ment.”.*

16           (d) *DISTRIBUTIONS FOR CERTAIN ELEMENTARY AND*  
17           *SECONDARY SCHOOL EXPENSES IN ADDITION TO TUI-*  
18           *TION.—Section 529(c)(7)(A), as amended by subsection (b),*  
19           *is amended to read as follows:*

20                   *“(A) expenses described in section*  
21                   *530(b)(3)(A)(i) in connection with enrollment or*  
22                   *attendance of a designated beneficiary at an ele-*  
23                   *mentary or secondary public, private, or reli-*  
24                   *gious school, and”.*

1           (e) *EFFECTIVE DATE.*—*The amendments made by this*  
2 *section shall apply to distributions made after December 31,*  
3 *2018.*

4 **SEC. 303. PENALTY-FREE WITHDRAWALS FROM RETIRE-**  
5 **MENT PLANS FOR INDIVIDUALS IN CASE OF**  
6 **BIRTH OF CHILD OR ADOPTION.**

7           (a) *IN GENERAL.*—*Section 72(t)(2) of the Internal*  
8 *Revenue Code of 1986 is amended by adding at the end*  
9 *the following new subparagraph:*

10                   “(H) *DISTRIBUTIONS FROM RETIREMENT*  
11 *PLANS IN CASE OF BIRTH OF CHILD OR ADOP-*  
12 *TION.*—

13                           “(i) *IN GENERAL.*—*Any qualified birth*  
14 *or adoption distribution.*

15                           “(ii) *LIMITATION.*—*The aggregate*  
16 *amount which may be treated as qualified*  
17 *birth or adoption distributions by any indi-*  
18 *vidual with respect to any birth or adoption*  
19 *shall not exceed \$7,500.*

20                           “(iii) *QUALIFIED BIRTH OR ADOPTION*  
21 *DISTRIBUTION.*—*For purposes of this sub-*  
22 *paragraph—*

23                                   “(I) *IN GENERAL.*—*The term*  
24 *‘qualified birth or adoption distribu-*  
25 *tion’ means any distribution from an*

1 applicable eligible retirement plan to  
2 an individual if made during the 1-  
3 year period beginning on the date on  
4 which a child of the individual is born  
5 or on which the legal adoption by the  
6 individual of an eligible child is final-  
7 ized.

8 “(II) *ELIGIBLE CHILD*.—The term  
9 ‘eligible child’ means any individual  
10 (other than a child of the taxpayer’s  
11 spouse) who has not attained age 18 or  
12 is physically or mentally incapable of  
13 self-support.

14 “(iv) *TREATMENT OF PLAN DISTRIBUTIONS*.—  
15

16 “(I) *IN GENERAL*.—If a distribu-  
17 tion to an individual would (without  
18 regard to clause (ii)) be a qualified  
19 birth or adoption distribution, a plan  
20 shall not be treated as failing to meet  
21 any requirement of this title merely be-  
22 cause the plan treats the distribution  
23 as a qualified birth or adoption dis-  
24 tribution, unless the aggregate amount  
25 of such distributions from all plans

1           *maintained by the employer (and any*  
2           *member of any controlled group which*  
3           *includes the employer) to such indi-*  
4           *vidual exceeds \$7,500.*

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

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

13           “(I) *IN GENERAL.*—*Any indi-*  
14           *vidual who receives a qualified birth or*  
15           *adoption distribution may make one or*  
16           *more contributions in an aggregate*  
17           *amount not to exceed the amount of*  
18           *such distribution to an applicable eli-*  
19           *gible retirement plan of which such in-*  
20           *dividual is a beneficiary and to which*  
21           *a rollover contribution of such dis-*  
22           *tribution could be made under section*  
23           *402(c), 403(a)(4), 403(b)(8), 408(d)(3),*  
24           *or 457(e)(16), as the case may be.*

1                   “(II) *LIMITATION ON CONTRIBU-*  
2                   *TIONS TO APPLICABLE ELIGIBLE RE-*  
3                   *TIREMENT PLANS OTHER THAN*  
4                   *IRAS.—The aggregate amount of con-*  
5                   *tributions made by an individual*  
6                   *under subclause (I) to any applicable*  
7                   *eligible retirement plan which is not*  
8                   *an individual retirement plan shall*  
9                   *not exceed the aggregate amount of*  
10                   *qualified birth or adoption distribu-*  
11                   *tions which are made from such plan*  
12                   *to such individual. Subclause (I) shall*  
13                   *not apply to contributions to any ap-*  
14                   *plicable eligible retirement plan which*  
15                   *is not an individual retirement plan*  
16                   *unless the individual is eligible to*  
17                   *make contributions (other than those*  
18                   *described in subclause (I)) to such ap-*  
19                   *plicable eligible retirement plan.*

20                   “(III) *TREATMENT OF REPAY-*  
21                   *MENTS OF DISTRIBUTIONS FROM AP-*  
22                   *PLICABLE ELIGIBLE RETIREMENT*  
23                   *PLANS OTHER THAN IRAS.—If a con-*  
24                   *tribution is made under subclause (I)*  
25                   *with respect to a qualified birth or*

1                   *adoption distribution from an applica-*  
2                   *ble eligible retirement plan other than*  
3                   *an individual retirement plan, then*  
4                   *the taxpayer shall, to the extent of the*  
5                   *amount of the contribution, be treated*  
6                   *as having received such distribution in*  
7                   *an eligible rollover distribution (as de-*  
8                   *finied in section 402(c)(4)) and as hav-*  
9                   *ing transferred the amount to the ap-*  
10                  *licable eligible retirement plan in a*  
11                  *direct trustee to trustee transfer within*  
12                  *60 days of the distribution.*

13                   “(IV) *TREATMENT OF REPAY-*  
14                   *MENTS FOR DISTRIBUTIONS FROM*  
15                   *IRAS.—If a contribution is made under*  
16                   *subclause (I) with respect to a quali-*  
17                   *fied birth or adoption distribution*  
18                   *from an individual retirement plan,*  
19                   *then, to the extent of the amount of the*  
20                   *contribution, such distribution shall be*  
21                   *treated as a distribution described in*  
22                   *section 408(d)(3) and as having been*  
23                   *transferred to the applicable eligible re-*  
24                   *irement plan in a direct trustee to*

1 trustee transfer within 60 days of the  
2 distribution.

3 “(vi) *DEFINITION AND SPECIAL*  
4 *RULES.—For purposes of this subpara-*  
5 *graph—*

6 “(I) *APPLICABLE ELIGIBLE RE-*  
7 *TIREMENT PLAN.—The term ‘applica-*  
8 *ble eligible retirement plan’ means an*  
9 *eligible retirement plan (as defined in*  
10 *section 402(c)(8)(B)) other than a de-*  
11 *fin ed benefit plan.*

12 “(II) *EXEMPTION OF DISTRIBU-*  
13 *TIONS FROM TRUSTEE TO TRUSTEE*  
14 *TRANSFER AND WITHHOLDING*  
15 *RULES.—For purposes of sections*  
16 *401(a)(31), 402(f), and 3405, a quali-*  
17 *fied birth or adoption distribution*  
18 *shall not be treated as an eligible roll-*  
19 *over distribution.*

20 “(III) *TAXPAYER MUST INCLUDE*  
21 *TIN.—A distribution shall not be treat-*  
22 *ed as a qualified birth or adoption dis-*  
23 *tribution with respect to any child or*  
24 *eligible child unless the taxpayer in-*  
25 *cludes the name, age, and TIN of such*

1 *child or eligible child on the taxpayer's*  
2 *return of tax for the taxable year.*

3 *“(IV) DISTRIBUTIONS TREATED*  
4 *AS MEETING PLAN DISTRIBUTION RE-*  
5 *QUIREMENTS.—Any qualified birth or*  
6 *adoption distribution shall be treated*  
7 *as meeting the requirements of sections*  
8 *401(k)(2)(B)(i), 403(b)(7)(A)(ii),*  
9 *403(b)(11), and 457(d)(1)(A).”.*

10 *(b) EFFECTIVE DATE.—The amendments made by this*  
11 *section shall apply to distributions made after December 31,*  
12 *2018.*





Union Calendar No. 747

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

**H. R. 6757**

[Report No. 115-959, Part I]

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## **A BILL**

To amend the Internal Revenue Code of 1986 to encourage retirement and family savings, and for other purposes.

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SEPTEMBER 24, 2018

Reported from the Committee on Ways and Means with  
an amendment

SEPTEMBER 24, 2018

Committee on Education and the Workforce discharged;  
committed to the Committee of the Whole House on  
the State of the Union and ordered to be printed