

105TH CONGRESS
2D SESSION

S. 2320

To amend the Employee Retirement Income Security Act of 1974 to clarify that an individual account plan shall not be treated as requiring investment in employer securities if an employee can withdraw an equivalent amount from the plan.

IN THE SENATE OF THE UNITED STATES

JULY 16, 1998

Mr. HOLLINGS (for himself and Mr. THURMOND) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Employee Retirement Income Security Act of 1974 to clarify that an individual account plan shall not be treated as requiring investment in employer securities if an employee can withdraw an equivalent amount from the plan.

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. CLARIFICATION OF SECTION 401(k) PLAN DI-**
4 **VERSIFICATION REQUIREMENT.**

5 (a) IN GENERAL.—Section 407(b)(2)(B) of the Em-
6 ployee Retirement Income Security Act of 1974 (29

1 U.S.C. 1107(b)(2)(B)) is amended by adding at the end
 2 the following new clause:

3 “(v) For purposes of clause (i), a plan
 4 shall not be treated as requiring applicable
 5 elective deferrals to be invested in qualify-
 6 ing employer securities or qualifying em-
 7 ployer real property if, under the terms of
 8 the plan—

9 “(I) the deferrals are so invested,
 10 but

11 “(II) a participant or beneficiary
 12 is allowed no less frequently than
 13 quarterly to withdraw an amount
 14 equal to the deferrals made to the
 15 plan on the participant’s behalf.

16 A plan shall be treated as meeting the re-
 17 quirements of subclause (II) if the with-
 18 drawal is made from contributions other
 19 than the deferrals.”

20 (b) EFFECTIVE DATE.—The amendment made by
 21 this section shall take effect as if included in the amend-
 22 ments made by section 1524 of the Tax Relief Act of
 23 1997.

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